

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	County	Type	MuniCode
Opinion Date	Audit Submitted	Fiscal Year	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/>	13. Is the audit opinion unqualified?
<input type="checkbox"/>	14. If not, what type of opinion is it? <input type="text"/>
<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text"/>
General Fund Expenditure:	<input type="text"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Last Name	Ten Digit License Number		
CPA Street Address	City	State	Zip Code	Telephone
CPA Firm Name	Unit's Street Address	City	Zip Code	



COUNTY OF MONROE
MICHIGAN

Comprehensive Annual Financial Report

For Year Ended
December 31, 2007

Prepared By:
Monroe County Finance Department

COUNTY OF MONROE, MICHIGAN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2007

PREPARED BY:

MONROE COUNTY FINANCE DEPARTMENT
125 EAST SECOND STREET • MONROE, MICHIGAN 48161
TELEPHONE: 734.240.7250 • FAX: 734.240.7266
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CHARLES A. LONDO
MONROE COUNTY ADMINISTRATOR / CHIEF FINANCIAL OFFICER

CAROLYN F. CRON
MONROE COUNTY FINANCE DIRECTOR

SUSAN MAIER
MONROE COUNTY ASSISTANT FINANCE DIRECTOR

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INTRODUCTORY SECTION



CHARLES A. LONDO
ADMINISTRATOR/CHIEF FINANCIAL OFFICER
MONROE COUNTY, MICHIGAN

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June 19, 2008

To the Citizens of the
County of Monroe, Michigan:

The Comprehensive Annual Financial Report of the County of Monroe, Michigan, for the year ended December 31, 2007, is submitted herewith. The County of Monroe Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

The Michigan Uniform Accounting and Budgeting Act requires that every general-purpose government publish, within six months of the close of the fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that the disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

Rehmann Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Monroe's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The County is required to undergo an annual single audit in conformance with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The results of the County's single audit for the year ended December 31, 2007, are contained in a separately issued single audit report.

PROFILE OF THE COUNTY AND IT'S SERVICES

The County of Monroe, organized in 1811, is located in the southeast corner of Michigan's Lower Peninsula, approximately 20 miles southeast of Detroit. The estimated population in 2007 was 153,608. Its major population areas include the City of Monroe, Village of Dundee and Bedford Township. The County seat is located in the City of Monroe. The County of Monroe is empowered to levy a property tax, the primary source of funding, on both real and personal property located within its boundaries. The governmental structure of the County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for many functions, is the County Board of Commissioners. The Board consists of nine commissioners elected by direct vote from single-member districts every two years. In addition to the Board of Commissioners, there are numerous elected officials serving the County in judicial, administrative, or staff officer roles. An organization chart depicting the County structure is shown on the page following this letter. The County of Monroe provides many services to County residents including those in the following areas of interest: public safety and justice, emergency preparedness and response, planning and environment, housing and homelessness, health, children's well-being, civic infrastructure, and support services. The County also supports cultural and recreational services such as the MSU Cooperative Extension, Library System, Historical Museums, and Parks and Recreation.

The Monroe County Building Authority functions for all practical purposes as a department of the County and is presented as a blended component unit. The County is also financially responsible for five legally separate component units. The Monroe County Road Commission, Community Mental Health Authority, Monroe County Library System, Monroe County Drain Commission, and County Agency Department are presented as discrete component units in the financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

FINANCIAL MANAGEMENT AND CONTROL

The Board of Commissioners has the primary responsibility for establishing financial management policy for the County. The State of Michigan Constitution divides the administration duties of the County among various elected officials and the County Administrator/Chief Financial Officer. The general administration of all non-elected departments and agencies fall under the County Administrator/Chief Financial Officer.

The Board of Commissioners is committed to ensuring the long-term fiscal stability of the County. The County has operated very deliberately over the past several years, making sound financial decisions to keep from having to react to a crisis situation. However, the 2006 and 2007 budgets included the use of the extra property tax revenue realized from the shift from a December to July tax levy as a means to stabilize the organization. The greater challenge will be in 2008 when the tax shift has been completed.

Unreserved, undesignated fund balance in the general fund for 2007 falls within financial policy guidelines set by the Board of Commissioners for budgetary and planning purposes. The Board has continued its commitment to plan future budgets to meet the goal of a reserve for subsequent years representing one-twelfth of the annual general fund operating budget. Relevant financial policy guidelines that affected current year operations include budget guidelines, and purchasing and investment policies.

Management of the County is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that financial statements are in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The County has established a Finance Department that is responsible for the administration of the county-wide general ledger activities and financial reporting. The Finance Department works in conjunction with various departments to maintain an up to date and accurate financial reporting system.

An independent audit of the County's Comprehensive Annual Financial Report is completed annually.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues meeting its responsibility for sound financial management.

Relevant Financial Issues

In October 2004, the State legislature passed legislation that shifted the timing of property tax payments to create a revenue stream that, for the next several years will offset the reduction in state revenue sharing. The measure gradually moves up property tax collections from the winter to the summer over three years, beginning July, 2005. Counties annually transfer from this pool the exact amount of funding that would have been available through state revenue sharing. Each year the State publishes the allowable spending amount that can be transferred from the revenue sharing reserve fund. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from

the State's 2004 and 2005 fiscal years. The inflation rate used for fiscal year 2007 was 3.7%.

Budgeting Control

The County maintains budgetary control with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the general and special revenue funds are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within an individual fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at December 31, 2007, do not lapse, but are set aside within the fund balance and brought forward to the new fiscal year.

Single Audit

As a recipient of federal financial assistance, the County is responsible for ensuring that sufficient internal control is in place to achieve compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and the independent auditors of the County.

As part of the County's single audit, tests are made to determine the adequacy of the internal control, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. Information related to this single audit, including the schedule of expenditures of federal awards, a schedule of findings and questioned costs, and independent auditor's reports on internal control and compliance, are included in a separately issued single audit report.

ECONOMIC CONDITION AND OUTLOOK

Monroe County had an overall unemployment rate in 2007 of 6.7 percent, lower than the State of Michigan at 7.2 percent and compared to 4.6 percent for the nation. A trend of generally declining unemployment in the County had been observed since the early '80s, when double-digit rates were prevalent. Unemployment rates slightly higher than those seen in previous years began to emerge in the early months of 2001, reflecting a nationwide economic downturn. While the nation's unemployment rates have started to drop once again, the unemployment rate remains high for Monroe County and the State of Michigan as a whole. Following is a summary of some recent developmental activity in the County.

Building Activities

Local governments administer building permits. The Monroe County Planning Department, using building permit data, continuously compiles countywide records of building activities. These figures can be viewed as an indicator of economic health. The number of new residential living units had remained fairly steady in the 1990's, generally ranging in the mid 700s. For 2007, residential development totaled 351 living units.

The value of new commercial units in 2007 was \$16,030,609 for 24 building permits. The number of new industrial units has fallen in recent years, averaging 6 permits annually from 1999 to 2007. This is quite different from the 90's where the County averaged 16 permits annually, with highs of 28 and 24 permits in 1995 and 1997, respectively. In 2007, 10 permits were issued for a value of \$9,643,000.

Industrial

Monroe County's location in the Detroit, Michigan-Toledo, Ohio industrial area, its access to transportation and locally generated electrical power, and a strong labor force, offer unique advantages in bringing in new industry. The Monroe County Industrial Development Corporation (MCIDC) is on the job, seeking to bring in new industry, and to retain and encourage expansion of existing companies. The MCIDC catalogs numerous industrial sites throughout the County, which can be marketed to companies seeking to locate or expand here. The County has several industrial parks and other sites appropriate for industrial development. Bedford Township and Frenchtown Charter Township have Class A certified parks. The City of Monroe has brought a number of industries into its industrial park in recent years, and the Village of Dundee has been particularly aggressive in bringing in new industry to its growing industrial park.

The MCIDC summary of economic development for 2007 showed an investment of \$27,100,000 by 5 companies.

Commercial/Retail

In 2006, Monroe Bank and Trust opened its new 4-story headquarters building in downtown Monroe at the corner of Front and Washington Streets, across the street from its former main office.

Plans for a new Wal-Mart SuperCenter to be located in Frenchtown Township are moving forward. The new store will be located on North Telegraph Road north of Mall Road, across from the present Wal-Mart store. It will offer the traditional wares found at smaller Wal-Mart stores, as well as a full-line grocery store. Although the project has seen some delays, construction is now expected to begin in 2009, with the opening date likely in 2010.

A new Holiday Inn Conference and Business Center is planned for the Frenchtown Business Park on North Dixie Highway. The conference center is expected to seat 400-500 persons, along with a 110-unit full-service hotel and a Sporting News Grill restaurant and bar. The project is expected to be completed in 2009.

The 600,000 sq. ft. Frenchtown Square Mall in Frenchtown Township will benefit from a major upgrade of the mall in 2009. The improvements could include elements such as arched roofs with skylights, soft-seating areas, children's play areas, new color schemes, updated indoor, outdoor lighting and more.

Cabela's of Sydney, Nebraska, the World's Foremost Outfitter, continues to draw new development to the environs around its U.S. 23/M-50 location in Dundee. Thirty-one new commercial developments in the Village of Dundee between 2000 and 2007 accounted for \$51.5 million. This rapid development has prompted the Village of Dundee to initiate a number of major infrastructure improvements.

The Monroe County Chamber of Commerce, the City of Monroe, the Downtown Development Authority (DDA), and the Downtown Business Network all work together to improve the Monroe downtown area. Efforts have included a Retail Market Analysis for the downtown, an ongoing streetscape project, grant programs to assist property owners with improvements, and various promotional activities.

Residential

New single-family housing construction is a significant barometer of economic prosperity. In 2007, single-family home permits in Monroe County declined from last year's total of 540 units to 297 permits. These new housing starts amounted to more than \$49 million. Permits were issued for 50 units within multiple-family structures, and the dollar value for all residential construction reached over \$53 million. About 57% of those permits were issued in the Monroe and Bedford areas.

The County's communities in 2007 also issued 2,304 permits totaling about \$38.6 million for alterations, additions, and accessory buildings, of which 2,117 permits for \$24.5 million made improvements to the existing housing stock. The County also has an approved Strategic Housing Plan and a Housing Commission, which, in conjunction with the Monroe County Opportunity Program, oversees implementation of the Plan, and administers local housing programs.

MAJOR INITIATIVES

As the County plans for the future, many new initiatives are being undertaken. The County is investing in technology improvements, including continuing upgrades to computer systems and software, and also continuing to upgrade

web page design and applications. Another initiative includes improved security of the Courthouse. The County Board of Commissioners also appropriated \$780,250 for the County Self-Help Road and Bridge Program, a partnership with the Monroe County Road Commission and local communities for infrastructure needs.

In addition, in 2007 the County completed a new public safety radio communications system for all county first responders. The \$9 million project includes equipment and infrastructure. Also, a new \$3.5 million 911-Emergency operations center was completed in early 2008 that now houses the county-wide emergency dispatch center and the county emergency management division.

OTHER INFORMATION - Acknowledgements

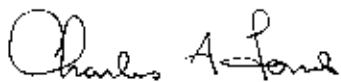
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Monroe, Michigan, for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. This was the seventh consecutive year, and eleventh out of the past twelve years, that the County has achieved this prestigious award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Appreciation is extended to the Board of Commissioners and the various employees throughout the County responsible for financial management and reporting. In particular, I would like to acknowledge the special efforts of the Finance Department employees, primarily Carolyn Cron, Finance Director and Susan Maier, Assistant Finance Director, who participated directly and indirectly in the development of this report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Charles A. Londo". The signature is fluid and cursive, with the first name "Charles" being more prominent.

Charles A. Londo, CGFM
Administrator/Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Monroe
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Cherie S. Cox

President

Jeffrey R. Emer

Executive Director

**Monroe County Board of Commissioners
at December 31, 2007**

William Sisk, Chairman
District 5

Dale W. Zorn, Vice-Chairman
District 2

Members

Henry Lievens
District 1

Albert Potratz
District 3

Floreine M. Mentel
District 4

Jerry Oley
District 6

John Fowler
District 7

Connie Velliquette
District 8

LaMar Frederick
District 9

Circuit, Probate and First District Court Judges

Circuit Court

Hon. Michael W. LaBeau
Hon. Joseph A. Costello
Hon. Michael A. Weipert

District Court

Hon. Terrence Bronson
Hon. Mark S. Braunlich
Hon. Jack Vitale

Probate Court

Hon. Pamela A. Moska
Hon. John A. Hohman, Jr.

Other Elected Officials

Geraldine Allen
County Clerk/Register

Kay Sisung
County Treasurer

William P. Nichols
Prosecuting Attorney

Tilman Crutchfield
Sheriff

Daniel W. Stefanski
Drain Commissioner

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

an independent member of
BAKER TILLY
INTERNATIONAL

INDEPENDENT AUDITORS' REPORT

June 19, 2008

To the Board of Commissioners
of Monroe County
Monroe, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF MONROE, MICHIGAN**, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Monroe's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Library System and Monroe County Agency that collectively represent 86.3% of the assets and 64.4% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Monroe County Road Commission and Monroe County Library System were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Monroe, Michigan**, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2008, on our consideration of the **County of Monroe, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 13-23, historical pension information on page 93 and historical other postemployment benefits information on page 94 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Monroe's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based upon our audit and the reports of other auditors, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style.

**MANAGEMENT'S
DISCUSSION
AND ANALYSIS**

Management's Discussion and Analysis

As management of the County of Monroe, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the accompanying basic financial statements.

Financial Highlights

- The assets of the County of Monroe primary government exceeded its liabilities at the close of the most recent fiscal year by \$76,001,078 (*net assets*). Of this amount, \$44,840,467 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$3,067,219. This decrease was largely due to a change in property tax revenue related to the accelerated tax levy established to fund the reduction in state shared revenues, decreased investment earnings, a decrease in operating grants and contributions, and increased costs related to wages and employee benefits.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$42,388,626, a decrease of \$1,787,145 in comparison with the prior year. Approximately 87 percent of this total amount, \$36,285,104, is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$6,272,153 or 12.4 percent of total general fund expenditures and transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Monroe's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County of Monroe's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County of Monroe's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of the County of Monroe is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County of Monroe that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). *Governmental activities* include general government, public safety, public works, health and welfare, community and economic development, and recreation and culture. *Business-type activities* include delinquent tax collections, equipment rental, a revolving loan program, imaging services, engineering and operation of an inmate commissary.

The County also includes legally separate entities (component units) for which the County is financially accountable. The *component units* include the Monroe County Road Commission, Monroe County Community Mental Health Authority, the Monroe County Library System, the Monroe County Drain Commission, and the Monroe County Drain Commissioner County Agency. Financial information for these component units is reported separately from the financial information presented for the primary government. The Monroe County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government as a blended component unit in the County's governmental activities.

Fund Financial Statements. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Monroe, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County of Monroe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

The County of Monroe maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, county health fund, revenue sharing reserve fund, federal prisoner housing fund, senior citizen fund, and capital projects fund, each of which is considered to be a major fund. Data for the remaining governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. The County maintains two different types of proprietary funds: enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its delinquent tax, equipment rental, imaging services, engineering, inmate commissary and revolving loan operations. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The various support services that are accounted for using internal service funds include phone, self-insurance, computer and office equipment replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only with more detail. The proprietary funds financial statements provide separate information for the delinquent tax revolving fund, which is considered to be a major fund. Data for the remaining enterprise funds is combined into a single aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds is provided in combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County of Monroe's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The government-wide financial analysis focuses on the net assets and changes in net assets of the governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$76,001,078 at December 31, 2007.

MONROE COUNTY NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 53,837,820	\$ 56,911,797	\$ 9,398,090	\$ 8,607,907	\$ 63,235,910	\$ 65,519,704
Capital assets, net	37,319,669	30,222,239	21,331	24,148	37,341,000	30,246,387
Total assets	<u>91,157,489</u>	<u>87,134,036</u>	<u>9,419,421</u>	<u>8,632,055</u>	<u>100,576,910</u>	<u>95,766,091</u>
Liabilities						
Long-term liabilities	16,091,161	8,539,457	-	-	16,091,161	8,539,457
Other liabilities	8,403,943	8,129,679	80,728	28,653	8,484,671	8,158,332
Total liabilities	<u>24,495,104</u>	<u>16,669,136</u>	<u>80,728</u>	<u>28,653</u>	<u>24,575,832</u>	<u>16,697,789</u>
Net assets						
Invested in capital assets, net of related debt	22,683,387	24,232,587	21,331	24,148	22,704,718	24,256,735
Restricted	8,415,893	8,095,270	-	-	8,415,893	8,095,270
Unrestricted	<u>35,563,105</u>	<u>38,137,043</u>	<u>9,317,362</u>	<u>8,579,254</u>	<u>44,880,467</u>	<u>46,716,297</u>
Total net assets	<u>\$ 66,662,385</u>	<u>\$ 70,464,900</u>	<u>\$ 9,338,693</u>	<u>\$ 8,603,402</u>	<u>\$ 76,001,078</u>	<u>\$ 79,068,302</u>

The largest portion of the County's net assets, \$44,880,467 (59 percent), represents *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.

An additional portion of the County's net assets, \$22,704,718 (30 percent), reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$8,415,893 (11 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the primary government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

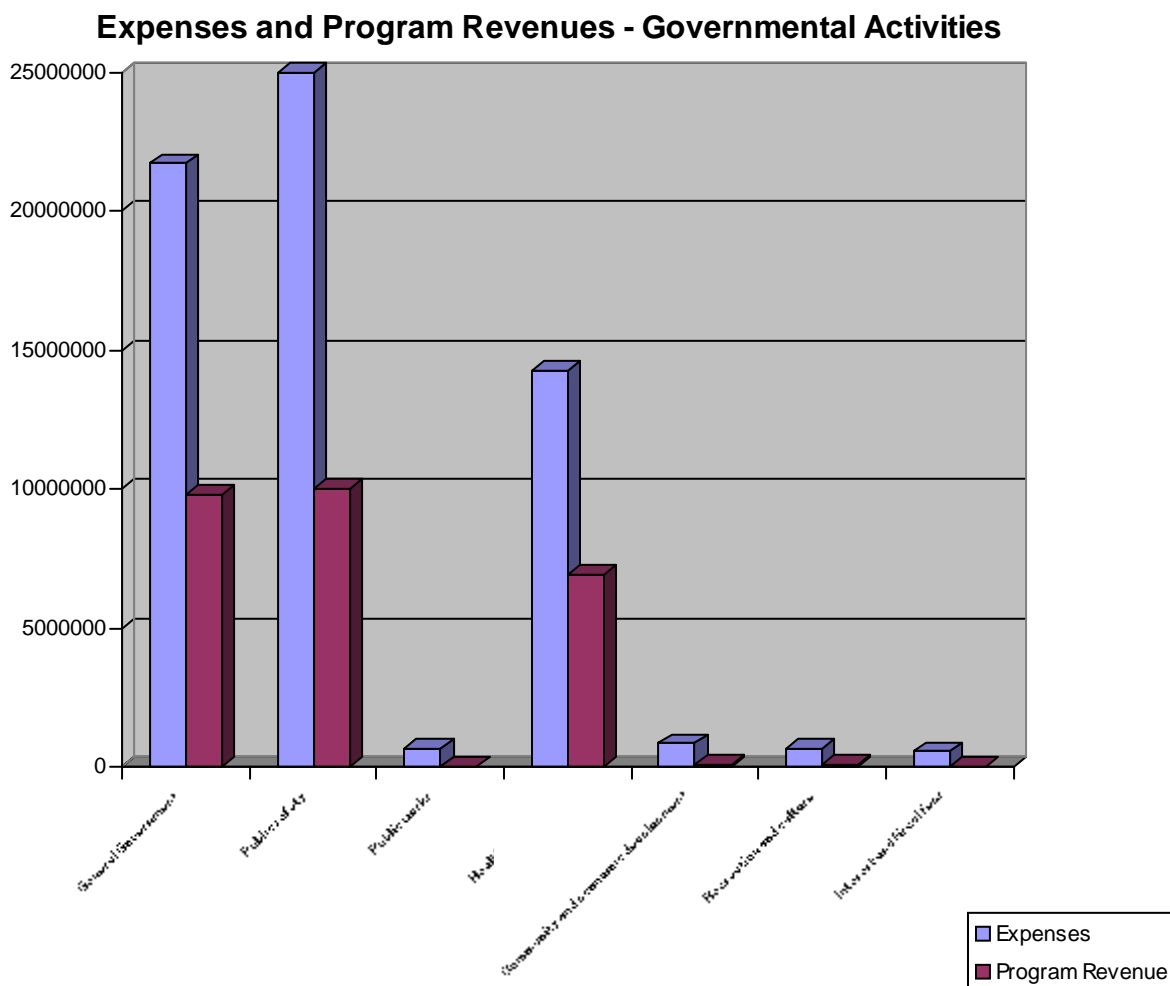
MONROE COUNTY CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$ 9,226,941	\$ 10,051,079	\$ 2,589,480	\$ 2,348,167	\$ 11,816,421	\$ 12,399,246
Operating grants and contributions	16,722,341	16,465,868	-	-	16,722,341	16,465,868
Capital grants and contributions	863,206	96,320	-	-	863,206	96,320
General revenues:						
Property taxes	33,743,806	41,085,203	-	-	33,743,806	41,085,203
Grants and contributions not restricted to specific programs	3,181,874	2,875,071	-	-	3,181,874	2,875,071
Unrestricted interest and other revenue	2,872,051	2,212,567	55,826	56,841	2,927,877	2,269,408
Total revenues	<u>66,610,219</u>	<u>72,786,108</u>	<u>2,645,306</u>	<u>2,405,008</u>	<u>69,255,525</u>	<u>75,191,116</u>
Expenses						
General government	21,715,114	18,404,915	-	-	21,715,114	18,404,915
Public safety	32,729,974	28,641,779	-	-	32,729,974	28,641,779
Public works	680,074	1,346,748	-	-	680,074	1,346,748
Health and welfare	14,264,277	12,096,024	-	-	14,264,277	12,096,024
Community and economic development	837,872	679,131	-	-	837,872	679,131
Recreation and culture	663,104	626,794	-	-	663,104	626,794
Interest on long-term debt	557,314	337,307	-	-	557,314	337,307
Delinquent tax revolving	-	-	164,815	182,571	164,815	182,571
Equipment rental	-	-	265,936	208,652	265,936	208,652
Imaging services	-	-	171,745	155,215	171,745	155,215
Engineering	-	-	127,202	112,874	127,202	112,874
Inmate commissary	-	-	26,721	22,500	26,721	22,500
Revolving loan	-	-	118,596	252,843	118,593	252,843
Total expenses	<u>71,447,729</u>	<u>62,132,698</u>	<u>875,015</u>	<u>934,655</u>	<u>72,322,744</u>	<u>63,067,353</u>
Change in net assets before transfers	(4,837,510)	10,653,410	1,770,291	1,470,353	(3,067,219)	12,123,763
Transfers	<u>1,035,000</u>	<u>1,330,250</u>	<u>(1,035,000)</u>	<u>(1,330,250)</u>	<u>-</u>	<u>-</u>
Change in net assets	(3,802,510)	11,983,660	735,291	140,103	(3,067,219)	12,123,763
Net assets, beginning of year	<u>70,464,895</u>	<u>58,481,240</u>	<u>8,603,402</u>	<u>8,463,299</u>	<u>79,068,297</u>	<u>66,944,539</u>
Net assets, end of year	<u>\$ 66,662,385</u>	<u>\$ 70,464,900</u>	<u>\$ 9,338,693</u>	<u>\$ 8,603,402</u>	<u>\$ 76,001,078</u>	<u>\$ 79,068,302</u>

The County's net assets decreased by \$3,067,219 during the current fiscal year; the decrease that occurred in governmental activities was attributable to the change in property taxes collected related to the accelerated tax levy established to fund the reduction in state shared revenues and increased costs related to wages and employee benefits from contract settlements. Other

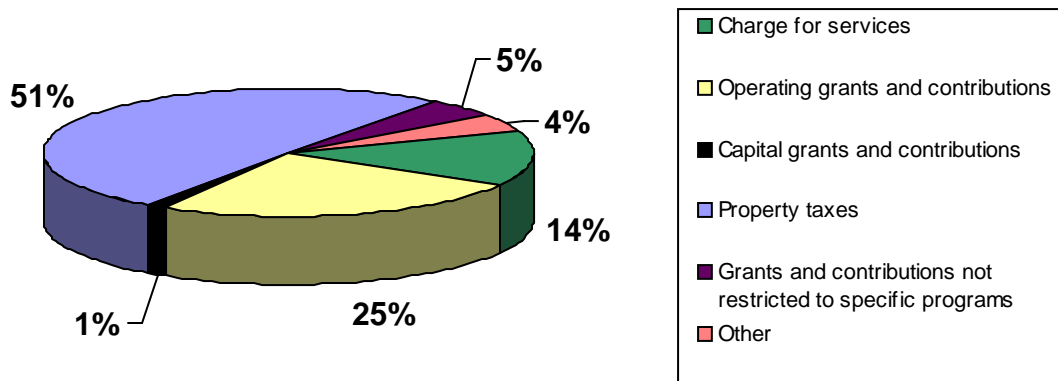
significant factors in 2007 include \$659,000 increase in unrestricted interest and other revenue, and solid waste program fees that exceeded expenditures by approximately \$200,000 (these funds are restricted for future solid waste projects).

Governmental activities. Governmental activities decreased the County's net assets by \$3,802,510. As previously mentioned, the major reasons for this decrease were related to decreased property tax collections for both the current year and the accelerated tax levy, as well as a decrease in investment earnings, and increased costs related to wages and employee benefits.



The 2007 increase in governmental activity expenses is primarily in the general government and public safety areas. Public safety increased \$4,088,195, primarily due to personnel costs and expenses related to operating grants.

Revenue by Source - Governmental Activities



Business-type activities. Business type activities increased the County's net assets by \$735,291. The majority of this increase is due to the change in net assets of \$717,552 in the Delinquent Tax Revolving Fund. This change is attributable to increased fees and interest on taxes received.

Financial Analysis of the County's Funds

As noted earlier, the County of Monroe uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved* fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$42,388,626, a decrease of \$1,787,145 when compared with the prior year. This was primarily due to the expected changes in the activity in the revenue sharing reserve fund. Of the fund balance amount, \$36,285,104 constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$6,272,153, with a total fund balance of \$9,361,587. Unreserved, undesignated fund balance represents approximately 12.4 percent of total general fund expenditures and transfers out. The fund balance of the County's general fund decreased by \$528,397 during the current fiscal year. This is primarily attributable to changes in property taxes, investment income, and increased costs related to wages and employee benefits.

The county health fund had a total fund balance of \$1,713,674, with \$1,617,511 reserved for specific programs. Personnel expenditures increased slightly as previously open positions were filled with full time personnel. In some cases, temporary personnel were utilized, resulting in an increase in the services and supplies category. Although service levels were not significantly affected, there was an increase in charges for services. The increase in reserved fund balance is due to the excess of solid waste fees over expenditures.

The fund balance of the revenue sharing reserve fund decreased \$2,295,553 to a total of \$16,324,176. The decrease is because the tax revenues of the accelerated tax levy established to fund the reduction in state shared revenues ended in 2006. Each year the State publishes the allowable spending amount that can be transferred from the reserve fund which will occur until the fund is depleted.

The federal prisoner housing fund, continuing a trend of increasing personnel costs combined with lower than anticipated intergovernmental revenue, had a total fund balance of \$2,476. This trend necessitated an additional transfer in from the general fund in 2007.

The senior citizen fund had a total fund balance of \$740,285. The increase of \$231,780 is primarily due to increased property tax revenues because of increased taxable values and residential property growth.

The fund balance of the capital projects fund increased \$1,395,202 to a total of \$6,133,298. The increase is due to the bonds issued for the purpose of renovations to, construction and purchase of county facilities. The planned construction and renovations expect to be completed in 2008.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise and internal service funds at year-end amounted to \$9,317,362, and \$3,285,432, respectively. The enterprise funds had an increase in net assets for the year of \$735,291, due mainly to an increase in charges for services and interest on taxes received in the delinquent tax revolving fund. An increase in potential worker's compensation insurance claims in 2007 caused the majority of the \$594,145 decrease in internal service funds net assets.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures resulted in a 1.0 percent decrease (a decrease in appropriations of approximately \$411,000), primarily from increases in budgeted capital outlay and grants, as well as decreases in the contingency budget. Budgeted transfers out increased from the original to final amended budgets by \$920,000; over \$199,000 was required for the jail dormitory operations, \$340,000 for computer capital outlay projects, \$105,000 for capital improvement projects, and an additional \$240,000 was required by the Friend of the Court fund operations because of reduced funding from the state.

Overall during the year, general fund revenues were below the budgetary estimates by over \$2.7 million. The areas of greatest variance include property taxes, charges for services in the Register of Deeds area, interest and rents. Specifically, homeland security and public safety grants that were budgeted to be completed during the year were only partially completed. There were corresponding decreases in Public Safety and Community and Economic Development actual expenditures compared to budget. Property taxes were less than the budgeted amount primarily due to the property tax shift from December to July has now been completed. Interest and rents decreased due to lower than expected investment return rates compared to rates used to estimate the budgeted interest and rents revenue.

Expenditures were less than budgetary estimates overall and for each of the major classifications. Specifically, actual personnel costs (salaries, wages and fringes) were less than budgeted amounts in most general fund departments due to budgeted positions that were not filled, as well as a reduction in costs for services and supplies for those programs and activities. In addition, actual expenditures for capital outlay items were under the amended budget amounts by approximately \$109,000, the majority of this difference being due to budgeted technology projects that were not completed during the year.

Overall during the year, actual general fund revenues and expenditures, including other financing sources and uses resulted in an actual decrease in fund balance of \$528,397 compared to a final budgeted increase of approximately \$411,000.

Capital Asset and Debt Administration

Capital assets. The County's capital assets (net of accumulated depreciation) for its governmental activities as of December 31, 2007, amounted to \$37,319,669. These capital assets include land and land improvements, buildings and improvements, machinery and equipment and vehicular equipment. The total increase in the County's capital assets for the current fiscal year was approximately 23 percent. Major capital asset events during the current fiscal year included the following:

- Over \$3,522,000 for construction of a new emergency services facility.
- Over \$2,326,000 for construction of a new exhibition facility at the fair grounds.
- Over \$1,600,000 for the purchase of a library administrative services facility and other renovations.
- Over \$849,500 in public safety equipment to benefit Homeland Security.
- Over \$654,500 in computer equipment related purchases for general governmental operations.
- Over \$411,600 in Sheriff's Department additions, including several patrol vehicles.

County of Monroe's Capital Assets
(net of depreciation)

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Land and improvements	\$ 492,192	\$ 474,027
Construction in progress	7,946,439	304,525
Collections	113,500	50,000
Buildings and improvements	17,961,133	18,587,747
Machinery and equipment	10,181,621	10,193,985
Vehicular equipment	<u>624,784</u>	<u>611,955</u>
Total	<u>\$ 37,319,669</u>	<u>\$ 30,222,239</u>

Additional information on the County's capital assets can be found in Note G of this report.

Long-term debt. Debt is classified as long-term if it matures over a period greater than one year. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$14,790,042.

County of Monroe's Outstanding Debt
General Obligation

	Governmental Activities		Business- type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 13,745,000	\$ 5,485,000	\$ -	\$ -	\$ 13,745,000	\$ 5,485,000
Installment loan	<u>1,045,042</u>	<u>1,710,399</u>	<u>-</u>	<u>-</u>	<u>1,045,042</u>	<u>1,710,399</u>
Total	<u>\$ 14,790,042</u>	<u>\$ 7,195,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,790,042</u>	<u>\$ 7,195,399</u>

The County's total debt increased by \$7,594,643 (over 100 percent) during the current fiscal year because of a bond issue to finance renovations and construction projects.

The County has an "AA-" rating for general obligation bonds from Standard & Poor's and a A1 rating from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (State Equalized Value). The current debt limitation for the County is \$729,758,333, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note H of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's 2008 budget:

- Property tax revenues are projected to increase 5.8 percent over 2007 actual revenues due to expected increased taxable values and residential growth.
- The unemployment rate for the County is currently 6.7%, slightly higher than a year ago. This compares favorably to the state's average unemployment rate of 7.2% but is higher than the national average rate of 4.6%.
- The County has committed to maintaining a fund balance in the general fund that is at least one-twelfth of operating expenditures.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to \$6,272,153. The general rule of thumb is that fund balances can be used to help government weather bad times, but should not be used as a means of funding routine operations. In the 2008 budget, the County has plans to use nearly \$1.8 million of the fund balance carried forward in the general fund.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances to all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, County of Monroe Finance Department, 125 East Second Street, Monroe, Michigan 48161.

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**BASIC
FINANCIAL
STATEMENTS**

COUNTY OF MONROE, MICHIGAN
Statement of Net Assets
December 31, 2007

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 33,783,298	\$ 2,437,211	\$ 36,220,509	\$ 18,021,851
Investments	10,208,499	-	10,208,499	-
Land held for resale	-	-	-	310,000
Receivables, net	8,335,524	5,613,458	13,948,982	62,972,471
Internal balances	337,378	(337,378)	-	-
Prepaid items and other assets	264,204	-	264,204	1,155,963
Restricted assets - cash and cash equivalents	308,917	-	308,917	11,343,767
Loans receivable	-	1,684,799	1,684,799	-
Advance to component unit	600,000	-	600,000	-
Capital assets not being depreciated	8,164,939	-	8,164,939	30,583,094
Capital assets being depreciated, net	29,154,730	21,331	29,176,061	131,440,689
<u>TOTAL ASSETS</u>	\$ 91,157,489	\$ 9,419,421	\$ 100,576,910	\$ 255,827,835
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Accounts payable and accrued expenses	\$ 4,910,839	\$ 80,728	\$ 4,991,567	\$ 5,368,421
Unearned revenue	3,493,104	-	3,493,104	7,518,504
Noncurrent liabilities:				
Compensated absences due within one year	1,378,000	-	1,378,000	93,487
Compensated absences due beyond one year	-	-	-	1,100,044
Advance from primary government	-	-	-	600,000
Long-term debt due within one year	1,315,272	-	1,315,272	6,310,220
Long-term debt due beyond one year	13,397,889	-	13,397,889	52,154,364
Total liabilities	24,495,104	80,728	24,575,832	73,145,040
Net assets				
Invested in capital assets, net of related debt	22,606,508	21,331	22,627,839	150,892,560
Restricted for:				
Debt service	805,640	-	805,640	1,049,297
Construction	5,988,401	-	5,988,401	4,029,013
Health and welfare programs	1,621,852	-	1,621,852	-
Unrestricted	35,639,984	9,317,362	44,957,346	26,711,925
Total net assets	66,662,385	9,338,693	76,001,078	182,682,795
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 91,157,489	\$ 9,419,421	\$ 100,576,910	\$ 255,827,835

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 21,715,114	\$ 5,697,499	\$ 4,117,121	\$ -	\$ (11,900,494)
Public safety	32,729,974	1,882,605	7,261,404	849,526	(22,736,439)
Public works	680,074	-	-	-	(680,074)
Health and welfare	14,264,277	1,621,553	5,276,083	-	(7,366,641)
Community and economic development	837,872	19,849	62,825	-	(755,198)
Recreation and culture	663,104	5,435	4,908	13,680	(639,081)
Interest on long-term debt	557,314	-	-	-	(557,314)
Total governmental activities	<u>71,447,729</u>	<u>9,226,941</u>	<u>16,722,341</u>	<u>863,206</u>	<u>(44,635,241)</u>
Business-type activities:					
Delinquent tax	164,815	1,921,541	-	-	1,756,726
Equipment rental	265,936	247,199	-	-	(18,737)
Imaging services	171,745	97,813	-	-	(73,932)
Engineering	127,202	87,856	-	-	(39,346)
Inmate commissary	26,721	59,080	-	-	32,359
Revolving loan	118,596	175,991	-	-	57,395
Total business-type activities	<u>875,015</u>	<u>2,589,480</u>	<u>-</u>	<u>-</u>	<u>1,714,465</u>
Total primary government	<u>\$ 72,322,744</u>	<u>\$ 11,816,421</u>	<u>\$ 16,722,341</u>	<u>\$ 863,206</u>	<u>\$ (42,920,776)</u>
Component units					
Road Commission	\$ 21,872,418	\$ -	\$ 24,793,308	\$ -	\$ 2,920,890
Mental Health Authority	26,445,050	19,731,953	4,740,290	-	(1,972,807)
Library Services	6,681,859	220,245	17,387	-	(6,444,227)
Drain Commission	1,376,020	53,714	-	619,865	(702,441)
County Agency	10,764,914	7,157,989	4,677,610	-	1,070,685
Total component units	<u>\$ 67,140,261</u>	<u>\$ 27,163,901</u>	<u>\$ 34,228,595</u>	<u>\$ 619,865</u>	<u>\$ (5,127,900)</u>

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COUNTY OF MONROE, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (44,635,241)	\$ 1,714,465	\$ (42,920,776)	\$ (5,127,900)
General revenues:				
Property taxes	33,743,806	-	33,743,806	5,941,537
Grants and contributions not restricted to specific programs	3,181,874	-	3,181,874	1,718,704
Other revenue	-	-	-	749,816
Unrestricted investment earnings	2,872,051	55,826	2,927,877	1,390,202
Gain on disposal of capital assets	-	-	-	16,907
Transfers - internal activities	1,035,000	(1,035,000)	-	-
Total general revenues and transfers	40,832,731	(979,174)	39,853,557	9,817,166
Change in net assets	(3,802,510)	735,291	(3,067,219)	4,689,266
Net assets, beginning of year	70,464,895	8,603,402	79,068,297	177,993,529
Net assets, end of year	\$ 66,662,385	\$ 9,338,693	\$ 76,001,078	\$ 182,682,795

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Balance Sheet
Governmental Funds
December 31, 2007

	General	County Health	Revenue Sharing Reserve	Federal Prisoner Housing	Senior Citizen	Capital Projects	Nonmajor Funds	Totals
<u>ASSETS</u>								
Assets								
Cash and cash equivalents	\$ 773,215	\$ 1,676,525	\$ 14,283,485	\$ 678	\$ 502	\$ 6,997,669	\$ 5,184,732	\$ 28,916,806
Investments	5,514,240	-	2,040,691	-	1,648,750	-	1,004,818	10,208,499
Taxes receivable	2,049,676	-	-	-	3,190,463	-	-	5,240,139
Accounts receivable - net	10,879	-	-	-	-	-	-	10,879
Interest receivable	80,117	-	-	-	15,696	-	63,500	159,313
Due from other governments	1,455,800	249,203	-	359,460	-	11,000	846,282	2,921,745
Due from other funds	337,378	3,050	-	146,495	-	-	2,256,705	2,743,628
Advance to other funds	663,500	-	-	-	-	-	206,100	869,600
Advance to component unit	600,000	-	-	-	-	-	-	600,000
<u>TOTAL ASSETS</u>	\$ 11,484,805	\$ 1,928,778	\$ 16,324,176	\$ 506,633	\$ 4,855,411	\$ 7,008,669	\$ 9,562,137	\$ 51,670,609
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities								
Accounts payable	\$ 381,841	\$ 151,337	\$ -	\$ 25,479	\$ 6,663	\$ 475,371	\$ 179,288	\$ 1,219,979
Accrued wages and fringes	1,036,515	63,767	-	127,678	-	-	356,219	1,584,179
Due to other funds	402,221	-	-	351,000	918,000	-	746,000	2,417,221
Advances from other governments	-	-	-	-	-	-	54,000	54,000
Advances from other funds	-	-	-	-	-	400,000	113,500	513,500
Deferred revenue	302,641	-	-	-	3,190,463	-	-	3,493,104
Total liabilities	2,123,218	215,104	-	504,157	4,115,126	875,371	1,449,007	9,281,983
Fund balances								
Reserved for:								
Encumbrances	29,070	-	-	-	-	-	45,088	74,158
Long-term advances	1,263,500	-	-	-	-	-	206,100	1,469,600
Health ordinances	-	1,617,511	-	-	-	-	-	1,617,511
Donations	-	-	-	-	-	-	4,340	4,340
Unreserved:								
Designated for subsequent expenditures	1,796,864	96,163	-	-	-	-	-	1,893,027
Designated for subsequent expenditures, reported in nonmajor special revenue funds	-	-	-	-	-	-	1,044,886	1,044,886
Undesignated	6,272,153	-	16,324,176	2,476	740,285	6,133,298	-	29,472,388
Undesignated, reported in nonmajor:								
Special revenue funds	-	-	-	-	-	-	6,007,076	6,007,076
Debt service funds	-	-	-	-	-	-	805,640	805,640
Total fund balances	9,361,587	1,713,674	16,324,176	2,476	740,285	6,133,298	8,113,130	42,388,626
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 11,484,805	\$ 1,928,778	\$ 16,324,176	\$ 506,633	\$ 4,855,411	\$ 7,008,669	\$ 9,562,137	\$ 51,670,609

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
December 31, 2007

Fund balances - total governmental funds	\$ 42,388,626
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets not being depreciated	8,164,939
Add: capital assets being depreciated	68,008,083
Subtract: accumulated depreciation	(39,199,555)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	3,275,534
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Prepaid costs related to other postemployment benefits are not available for current period expenditures and, therefore, are not reported in the funds.

Add: other postemployment benefit plan obligation (i.e., asset)	264,204
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds and notes payable	(14,713,161)
Subtract: accrued interest on long-term liabilities	(148,285)
Subtract: accrued compensated absences	(1,378,000)

Net assets of governmental activities	<u><u>\$ 66,662,385</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	County Health	Revenue Sharing Reserve	Federal Prisoner Housing	Senior Citizen	Capital Projects	Nonmajor Funds	Totals
Revenues								
Taxes	\$ 30,806,579	\$ -	\$ -	\$ 1,582,492	\$ -	\$ -	\$ 2,363	\$ 32,391,434
Licenses and permits	162,957	380,970	-	-	-	-	11,745	555,672
Intergovernmental revenues	3,695,979	3,099,356	-	-	2,934,863	863,206	6,151,744	16,745,148
Contributions from local units	2,192,770	-	-	-	-	-	-	2,192,770
Charges for services	5,305,699	1,230,338	-	257,235	51,481	-	904,861	7,749,614
Fines and forfeits	528,965	-	-	-	-	-	223,451	752,416
Interest and rents	1,659,934	-	451,757	2,162	-	362,751	467,806	2,944,410
Other revenue	1,777,952	187,065	-	9,483	24,915	50,226	1,132,233	3,181,874
Total revenues	46,130,835	4,897,729	451,757	1,851,372	3,011,259	1,276,183	8,894,203	66,513,338
Expenditures								
Current:								
General government	16,902,041	-	-	-	-	-	3,092,997	19,995,038
Public safety	18,613,323	-	-	4,060,930	-	-	7,366,592	30,040,845
Public works	74,304	-	-	-	-	-	605,640	679,944
Health and welfare	1,710,006	6,393,540	-	-	2,529,954	-	3,572,052	14,205,552
Community and economic development	781,623	-	-	-	-	-	-	781,623
Recreation and culture	494,561	-	-	-	-	-	13,770	508,331
Other	78,012	-	-	-	-	-	-	78,012
Debt service:								
Principal	-	-	-	-	-	-	1,005,357	1,005,357
Interest	-	-	-	-	-	-	478,643	478,643
Capital outlay	538,183	24,600	-	-	-	9,249,100	788,374	10,600,257
Total expenditures	39,192,053	6,418,140	-	4,060,930	2,529,954	9,249,100	16,923,425	78,373,602
Revenues over (under) expenditures	6,938,782	(1,520,411)	451,757	(2,209,558)	481,305	(7,972,917)	(8,029,222)	(11,860,264)
Other financing sources (uses)								
Transfers in	4,011,835	1,245,000	-	2,209,557	-	845,000	7,720,201	16,031,593
Transfers (out)	(11,479,014)	-	(2,747,310)	-	(249,525)	-	(5,744)	(14,481,593)
Bond proceeds	-	-	-	-	-	8,600,000	-	8,600,000
Discount on bonds	-	-	-	-	-	(76,881)	-	(76,881)
Total other financing sources (uses)	(7,467,179)	1,245,000	(2,747,310)	2,209,557	(249,525)	9,368,119	7,714,457	10,073,119
Net change in fund balances	(528,397)	(275,411)	(2,295,553)	(1)	231,780	1,395,202	(314,765)	(1,787,145)
Fund balances, beginning of year	9,889,984	1,989,085	18,619,729	2,477	508,505	4,738,096	8,427,895	44,175,771
Fund balances, end of year	\$ 9,361,587	\$ 1,713,674	\$ 16,324,176	\$ 2,476	\$ 740,285	\$ 6,133,298	\$ 8,113,130	\$ 42,388,626

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds \$ (1,787,145)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	10,600,257
Subtract: depreciation expense	(3,437,311)
Subtract: loss on sale of assets	(14,331)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term-liabilities.

Add: principal payments on long-term liabilities	1,005,357
Subtract: bond proceeds received	(8,600,000)
Add: bond discount	76,881

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: change in accrued interest on bonds	(78,671)
Subtract: change in other postemployment benefits obligation (i.e., asset)	(939,462)
Subtract: increase in accrual for compensated absences	(33,942)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities:

Subtract: net operating loss from governmental activities accounted for in internal service funds	(176,025)
Add: interest revenue from governmental internal service funds	96,880
Subtract: internal activities (transfers) accounted for in internal service funds	(515,000)

Change in net assets of governmental activities	\$ (3,802,512)
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The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Taxes	\$ 31,835,706	\$ 31,835,706	\$ 30,806,579	\$ (1,029,127)
Licenses and permits	192,125	192,125	162,957	(29,168)
Intergovernmental revenues	4,185,936	4,489,603	3,695,979	(793,624)
Contributions from local units	2,056,418	2,167,048	2,192,770	25,722
Charges for services	5,664,744	5,710,244	5,305,699	(404,545)
Fines and forfeits	628,000	628,000	528,965	(99,035)
Interest and rents	1,982,935	1,982,935	1,659,934	(323,001)
Other revenue	1,798,213	1,846,195	1,777,952	(68,243)
Total revenues	48,344,077	48,851,856	46,130,835	(2,721,021)
Expenditures				
Current:				
General government	17,463,629	17,595,393	16,902,041	(693,352)
Public safety	18,448,738	18,695,607	18,613,323	(82,284)
Public works	74,305	74,305	74,304	(1)
Health and welfare	1,596,880	1,729,593	1,710,006	(19,587)
Community and economic development	1,086,101	1,178,222	781,623	(396,599)
Recreation and cultural	485,800	503,157	494,561	(8,596)
Other expenditures	1,307,430	188,328	78,012	(110,316)
Capital outlay	560,740	647,500	538,183	(109,317)
Total expenditures	41,023,623	40,612,105	39,192,053	(1,420,052)
Revenues over (under) expenditures	7,320,454	8,239,751	6,938,782	(1,300,969)
Other financing sources (uses)				
Transfers in	3,921,733	4,026,892	4,011,835	(15,057)
Transfers (out)	(10,934,921)	(11,854,969)	(11,479,014)	375,955
Total other financing (uses)	(7,013,188)	(7,828,078)	(7,467,179)	360,899
Net change in fund balance	307,266	411,673	(528,397)	(940,070)
Fund balance, beginning of year	9,889,984	9,889,984	9,889,984	-
Fund balance, end of year	\$ 10,197,250	\$ 10,301,657	\$ 9,361,587	\$ (940,070)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Health Special Revenue Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Licenses and permits	\$ 390,000	\$ 390,000	\$ 380,970	\$ (9,030)
Intergovernmental revenues	2,562,956	3,160,314	3,099,356	(60,958)
Charges for services	1,027,250	1,059,047	1,230,338	171,291
Other revenue	170,937	211,157	187,065	(24,092)
Total revenues	4,151,143	4,820,518	4,897,729	77,211
Expenditures				
Current:				
Health and welfare	6,110,782	6,954,254	6,393,540	(560,714)
Capital outlay	-	25,000	24,600	(400)
Total expenditures	6,110,782	6,979,254	6,418,140	(561,114)
Revenues over (under) expenditures	(1,959,639)	(2,158,736)	(1,520,411)	638,325
Other financing sources (uses)				
Transfers in	1,452,955	1,452,955	1,245,000	(207,955)
Net change in fund balance	(506,684)	(705,781)	(275,411)	430,370
Fund balance, beginning of year	1,989,085	1,989,085	1,989,085	-
Fund balance, end of year	\$ 1,482,401	\$ 1,283,304	\$ 1,713,674	\$ 430,370

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Taxes	\$ 2,736,712	\$ 2,747,310	\$ -	\$ (2,747,310)
Interest and rents	-	-	451,757	451,757
Total revenues	2,736,712	2,747,310	451,757	(2,295,553)
Other financing uses				
Transfers (out)	(2,736,712)	(2,747,310)	(2,747,310)	-
Net change in fund balance	-	-	(2,295,553)	(2,295,553)
Fund balance, beginning of year	18,619,729	18,619,729	18,619,729	-
Fund balance, end of year	\$ 18,619,729	\$ 18,619,729	\$ 16,324,176	\$ (2,295,553)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Federal Prisoner Housing Special Revenue Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Intergovernmental revenues	\$ 1,572,480	\$ 1,572,480	\$ 1,582,492	\$ 10,012
Charges for services	280,000	280,000	257,235	(22,765)
Interest and rents	-	-	2,162	2,162
Other revenues	3,500	10,230	9,483	(747)
Total revenues	1,855,980	1,862,710	1,851,372	(11,338)
Expenditures				
Current:				
Public safety	3,866,374	3,913,104	4,060,930	147,826
Revenues over (under) expenditures	(2,010,394)	(2,050,394)	(2,209,558)	(159,164)
Other financing sources				
Transfers in	2,010,394	2,050,394	2,209,557	159,163
Net change in fund balance	-	-	(1)	(1)
Fund balance, beginning of year	2,477	2,477	2,477	-
Fund balance, end of year	\$ 2,477	\$ 2,477	\$ 2,476	\$ (1)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Senior Citizen Special Revenue Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Taxes	\$ 2,538,769	\$ 2,538,769	\$ 2,934,863	\$ 396,094
Interest and rents	35,900	35,900	51,481	15,581
Other revenues	10,972	32,469	24,915	(7,554)
Total revenues	2,585,641	2,607,138	3,011,259	404,121
Expenditures				
Current:				
Health and welfare	2,629,560	2,628,107	2,529,954	(98,153)
Revenues over (under) expenditures	(43,919)	(20,969)	481,305	502,274
Other financing sources (uses)				
Transfers (out)	(170,021)	(265,180)	(249,525)	15,655
Net change in fund balance	(213,940)	(286,149)	231,780	517,929
Fund balance, beginning of year	508,505	508,505	508,505	-
Fund balance, end of year	\$ 294,565	\$ 222,356	\$ 740,285	\$ 517,929

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Funds	Totals	Internal Service
<u>ASSETS</u>				
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,925,159	\$ 512,052	\$ 2,437,211	\$ 4,866,492
Taxes receivable - delinquent	5,007,944	-	5,007,944	-
Accounts receivable	2,165	-	2,165	3,448
Interest receivable	599,595	-	599,595	-
Due from other governments	-	3,754	3,754	-
Due from other funds	-	-	-	440,971
Loans receivable due within one year	-	48,750	48,750	-
Total current assets	7,534,863	564,556	8,099,419	5,310,911
Noncurrent assets:				
Loans receivable due beyond one year	-	1,636,049	1,636,049	-
Restricted assets - cash and cash equivalents	-	-	-	308,917
Capital assets being depreciated, net	-	21,331	21,331	346,202
Total noncurrent assets	-	1,657,380	1,657,380	655,119
<u>TOTAL ASSETS</u>	\$ 7,534,863	\$ 2,221,936	\$ 9,756,799	\$ 5,966,030
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Current liabilities:				
Accounts payable	\$ 7,027	\$ 63,740	\$ 70,767	\$ 41,801
Accrued wages and fringes	-	9,771	9,771	947
Compensated absences payable	-	-	-	105,416
Other accrued liabilities	-	-	-	1,756,232
Due to other governments	190	-	190	-
Due to other funds	337,378	-	337,378	430,000
Total current liabilities	344,595	73,511	418,106	2,334,396
Noncurrent liabilities:				
Advances from other funds	-	-	-	356,100
Total liabilities	344,595	73,511	418,106	2,690,496
Net assets				
Invested in capital assets	-	21,331	21,331	(9,898)
Unrestricted	7,190,268	2,127,094	9,317,362	3,285,432
Total net assets	7,190,268	2,148,425	9,338,693	3,275,534
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 7,534,863	\$ 2,221,936	\$ 9,756,799	\$ 5,966,030

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Funds	Totals	Internal Service
Operating revenues				
Charges for services	\$ 398,725	\$ 395,034	\$ 793,759	\$ 128,670
Interest on taxes	1,097,792	-	1,097,792	-
Interest on loan repayments	-	460	460	-
Tax administration fees	425,024	-	425,024	-
Employer contributions	-	-	-	9,332,305
Employee contributions	-	-	-	139,320
Other operating revenue	-	154,015	154,015	298,154
Total operating revenues	1,921,541	549,509	2,471,050	9,898,449
Operating expense				
Cost of services	-	694,750	694,750	-
Administrative costs	164,815	-	164,815	160,476
Benefit payments	-	-	-	8,821,923
Liability insurance	-	-	-	1,020,370
Depreciation	-	15,450	15,450	71,705
Total operating expense	164,815	710,200	875,015	10,074,474
Operating income (loss)	1,756,726	(160,691)	1,596,035	(176,025)
Non-operating revenues				
Interest and rentals	55,826	118,430	174,256	96,880
Income (loss) before transfers	1,812,552	(42,261)	1,770,291	(79,145)
Transfers				
Transfers in	-	60,000	60,000	430,000
Transfers out	(1,095,000)	-	(1,095,000)	(945,000)
Total transfers	(1,095,000)	60,000	(1,035,000)	(515,000)
Change in net assets	717,552	17,739	735,291	(594,145)
Net assets, beginning of year	6,472,716	2,130,686	8,603,402	3,869,679
Net assets, end of year	\$ 7,190,268	\$ 2,148,425	\$ 9,338,693	\$ 3,275,534

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent			
	Tax	Nonmajor		Internal
	Revolving	Funds	Totals	Service
Cash flows from operating activities				
Cash received from customers	\$ 1,358,902	\$ 494,008	\$ 1,852,910	\$ 9,461,564
Collections of housing loan principal	-	117,906	117,906	-
Collections of housing loan interest	-	57,131	57,131	-
Cash payments to suppliers for goods and services	(164,815)	(327,550)	(492,365)	(1,087,523)
Cash payments to employees for services	-	(320,813)	(320,813)	-
Cash payments for employee benefits	-	-	-	(7,876,251)
Housing loans issued	-	(193,633)	(193,633)	-
Net cash provided (used) by operating activities	1,194,087	(172,951)	1,021,136	497,790
Cash flows from non-capital financing activities				
Intergovernmental revenue	-	118,430	118,430	-
Repayment of long-term advances	-	-	-	(33,374)
Transfers in	-	60,000	60,000	430,000
Transfers out	(1,095,000)	-	(1,095,000)	(945,000)
Net cash provided (used) by non-capital financing activities	(1,095,000)	178,430	(916,570)	(548,374)
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(12,634)	(12,634)	(20,520)
Net cash used by capital and related financing activities	-	(12,634)	(12,634)	(20,520)
Cash flows from investing activities				
Interest received	55,826	-	55,826	96,880
Net increase (decrease) in cash and cash equivalents	154,913	(7,155)	147,758	25,776
Cash and cash equivalents, beginning of year	1,770,246	519,207	2,289,453	5,149,633
Cash and cash equivalents, end of year	\$ 1,925,159	\$ 512,052	\$ 2,437,211	\$ 5,175,409

(Continued...)

**COUNTY OF MONROE, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007**

	Business-type Activities / Enterprise Funds			Governmental Activities
	Delinquent Tax Revolving	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities				
Operating income (loss)	\$ 1,756,726	\$ (160,691)	\$ 1,596,035	\$ (176,025)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	15,450	15,450	71,705
Bad debt expense	-	165	165	-
(Increase) decrease in:				
Taxes receivable-delinquent	(882,904)	-	(882,904)	-
Accounts receivable	708	1,630	2,338	4,086
Interest receivable	(23,674)	-	(23,674)	-
Due from other funds	-	-	-	(440,971)
Loans receivable	-	(75,726)	(75,726)	-
Increase (decrease) in:				
Accounts payable	5,795	44,557	50,352	(40,899)
Accrued wages and fringes	-	1,664	1,664	-
Compensated absences payable	-	-	-	(50,867)
Due to other governments	58	-	58	-
Due to other funds	337,378	-	337,378	430,000
Other accrued liabilities	-	-	-	700,761
Net cash provided (used) by operating activities	<u>\$ 1,194,087</u>	<u>\$ (172,951)</u>	<u>\$ 1,021,136</u>	<u>\$ 497,790</u>

Non-cash transactions

There were no non-cash transactions during the fiscal year.

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Fiduciary Net Assets
December 31, 2007

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 587,071	\$ 2,485,962
Investments at fair value:		
U.S. treasuries	13,567,143	-
U.S. agencies	20,645,393	-
Foreign government bonds	14,974,078	-
Corporate bonds	25,758,408	-
Bond mutual fund	4,911,521	-
Domestic equities	59,972,189	-
International equities	10,216,186	-
American depository receipts	39,152,398	-
Domestic real estate investment trusts	1,016,676	-
International real estate investment trusts	3,816,911	-
Collateralized mortgage obligations	3,597,976	-
Money market accounts	9,788,097	-
Contributions receivable	432,174	-
Foreign currency forward contracts receivable	27,584	-
Interest receivable	1,000,498	-
	<hr/>	<hr/>
Total assets	209,464,303	\$ 2,485,962
	<hr/>	<hr/>
Liabilities		
Accounts payable	452,154	\$ 18,500
Due to other governments	-	422,926
Undistributed taxes - current levy	-	1,113,337
Undistributed taxes - other	-	117,099
Other undistributed receipts	-	814,100
	<hr/>	<hr/>
Total liabilities	452,154	\$ 2,485,962
	<hr/>	<hr/>
Net assets held in trust for pension benefits and other purposes	<u><u>\$ 209,012,149</u></u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Statement of Changes in Fiduciary Net Asset
For the Year Ended December 31, 2007

	Pension and Other Employee Benefit Trust Funds
Additions	
Investment income:	
<i>From investing activities</i>	
Net appreciation in fair value of investments	\$ 8,155,724
Interest and dividends	7,097,998
Total investment income	15,253,722
Less: investment management fees	(1,099,607)
Net gain from investing activities	14,154,115
<i>From securities lending activities</i>	
Gross earnings	1,893,573
Borrower rebates	(1,724,851)
Securities lending fees	(67,454)
Net income from securities lending activities	101,268
Total net investment gain	14,255,383
Contributions:	
Employer	10,745,895
Employee	611,307
Retiree and other	249,998
Time purchase	22,308
Total contributions	11,629,508
Total additions	25,884,891
Deductions	
Benefit payments	10,857,745
Refunds of contributions	677,841
Administrative expenses/premiums paid	498,214
Total deductions	12,033,800
Net additions to net assets held in trust	13,851,091
Net assets held in trust for pension benefits and other purposes	
Beginning of year	195,161,058
End of year	\$ 209,012,149

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Net Assets
Component Units
December 31, 2007

	Road Commission	Mental Health	Library	Drain Commission	County Agency	Total
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 612,447	\$ 4,841,821	\$ 5,794,791	\$ 2,253,729	\$ 4,519,063	\$ 18,021,851
Land held for resale	310,000	-	-	-	-	310,000
Taxes receivable	-	-	6,218,440	-	-	6,218,440
Special assessments receivable	50,331	-	-	852,794	-	903,125
Unlevied special assessments	-	-	-	830,344	-	830,344
Accounts receivable	6,127,618	455,164	157,972	-	1,121,386	7,862,140
Due from other governments	-	553,851	-	-	5,215,156	5,769,007
Inventories	595,252	-	-	-	111,446	706,698
Prepaid items	124,363	301,862	5,840	-	15,700	447,765
Deposits	-	-	-	-	1,500	1,500
Restricted assets - cash and cash equivalents	51,945	-	-	-	11,291,822	11,343,767
Leases receivable	-	-	-	-	41,389,415	41,389,415
Capital assets not being depreciated	14,860,726	54,000	8,618,055	-	7,050,313	30,583,094
Capital assets being depreciated, net	89,436,916	905,639	539,542	24,078,299	16,480,293	131,440,689
<u>TOTAL ASSETS</u>	\$ 112,169,598	\$ 7,112,337	\$ 21,334,640	\$ 28,015,166	\$ 87,196,094	\$ 255,827,835
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities						
Accounts payable and accrued expenses	\$ 551,989	\$ 2,311,859	\$ 140,383	\$ 12,008	\$ 1,918,737	\$ 4,934,976
Accrued interest payable	-	-	-	19,078	359,948	379,026
Due to other governments	-	8,521	-	-	40,206	48,727
Deposits payable	-	-	-	-	5,692	5,692
Unearned revenue	1,121,402	-	6,302,602	-	94,500	7,518,504
Compensated absences	607,025	213,497	279,522	-	93,487	1,193,531
Advances from primary government	-	-	-	600,000	-	600,000
Long-term debt due within one year	1,394,154	5,966	-	605,100	4,305,000	6,310,220
Long-term debt due beyond one year	5,917,602	497	-	870,000	45,366,265	52,154,364
Total liabilities	9,592,172	2,540,340	6,722,507	2,106,186	52,183,835	73,145,040
Net assets						
Invested in capital assets, net of related debt	98,164,732	953,176	9,157,597	23,208,299	19,408,756	150,892,560
Restricted for debt service	-	-	64,816	946,704	37,777	1,049,297
Restricted for construction	-	-	-	2,359,077	1,669,936	4,029,013
Unrestricted	4,412,694	3,618,821	5,389,720	(605,100)	13,895,790	26,711,925
Total net assets	102,577,426	4,571,997	14,612,133	25,908,980	35,012,259	182,682,795
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 112,169,598	\$ 7,112,337	\$ 21,334,640	\$ 28,015,166	\$ 87,196,094	\$ 255,827,835

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2007

	Road Commission	Mental Health	Library	Drain Commission	County Agency	Total
Expenses						
Road Commission	\$ 21,872,418	\$ -	\$ -	\$ -	\$ -	\$ 21,872,418
Mental Health Authority	-	26,445,050	-	-	-	26,445,050
Library Services	-	-	6,681,859	-	-	6,681,859
Drain Commission	-	-	-	1,376,020	-	1,376,020
County Agency	-	-	-	-	10,764,914	10,764,914
Total expenses	21,872,418	26,445,050	6,681,859	1,376,020	10,764,914	67,140,261
Program revenues						
Charges for services	-	19,731,953	220,245	53,714	7,157,989	27,163,901
Operating grants and contributions	24,793,308	4,740,290	17,387	-	4,677,610	34,228,595
Capital grants and contributions	-	-	-	619,865	-	619,865
Total program revenues	24,793,308	24,472,243	237,632	673,579	11,835,599	62,012,361
Net (expense) revenue	2,920,890	(1,972,807)	(6,444,227)	(702,441)	1,070,685	(5,127,900)
General revenues						
Property taxes	-	-	5,941,537	-	-	5,941,537
Grants and contributions not restricted to specific programs	-	-	1,718,704	-	-	1,718,704
Other revenue	-	-	749,816	-	-	749,816
Unrestricted investment earnings	-	278,486	308,631	125,815	677,270	1,390,202
Gain on disposal of capital assets	-	-	-	-	16,907	16,907
Total general revenues	-	278,486	8,718,688	125,815	694,177	9,817,166
Change in net assets	2,920,890	(1,694,321)	2,274,461	(576,626)	1,764,862	4,689,266
Net assets, beginning of year	99,656,536	6,266,318	12,337,672	26,485,606	33,247,397	177,993,529
Net assets, end of year	\$ 102,577,426	\$ 4,571,997	\$ 14,612,133	\$ 25,908,980	\$ 35,012,259	\$ 182,682,795

The accompanying notes are an integral part of these financial statements.

**NOTES TO
BASIC
FINANCIAL
STATEMENTS**

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Monroe County (the “County” or “government”) was organized in 1811 and covers an area of 560 square miles divided into 15 townships, 5 villages and 4 cities. The County seat is located in the City of Monroe. The County operates under an elected Board of Commissioners (9 members) and provides services to its more than 152,256 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

REPORTING ENTITY

As defined by generally accepted accounting principles established by the Government Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit’s board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present Monroe County (the primary government) and its component units. The financial data of the component units are included in the County’s reporting entity because of the significance of their operational or financial relationships with the County.

BLENDED COMPONENT UNIT

Monroe County Building Authority - The Monroe County Building Authority was created under the provisions of Act 31, Public Acts of 1948 (Extra Session), as amended, and is governed by a five-member board appointed by the Monroe County Board of Commissioners. The purpose of the Authority is to finance, through tax-exempt bonds, the construction of public buildings for use by the County, with the bonds secured by lease agreements with the County and retired through lease payments from the County. Although it is legally separate from the County, the Monroe County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of and improvements to the County’s public buildings. As a result, the County has included in its financial statements the Authority’s debt service and capital projects funds. Also, the County has incorporated the bond issues into its long-term debt and capital assets are included in governmental capital assets. A separate report is prepared for the Building Authority and may be obtained from its administrative offices at 125 East Second Street, Monroe, Michigan 48161.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

DISCRETELY PRESENTED COMPONENT UNITS

Monroe County Road Commission - The Monroe County Road Commission, which was established pursuant to the County Road Law (MCL 224.1), is governed by a three-member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt without the County's approval and any tax levy is subject to County Board of Commissioners approval. If approval is granted, the Road Commission's taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy as well as reported in the County Road Commission. Complete financial statements that are separately audited may be obtained from the administrative office at Monroe County Road Commission, 840 South Telegraph Road, Monroe, Michigan 48161.

Community Mental Health Authority - The Monroe County Community Mental Health Services Board was established in 1964 to provide mental health services to residents of Monroe County under the provisions of Act 54, Public Acts of 1963, as amended. The current provision is Act 258 Public Acts of 1974. The Monroe County Community Mental Health Services Board was an agency of the County of Monroe and served as a policy making board only. This status as an agency of the County of Monroe ended December 31, 1996. On January 1, 1997, the Monroe County Community Mental Health Services Board, with all its assets, debt obligations and personnel, became the Monroe County Community Mental Health Authority. Upon receiving certification by the Michigan Department of Community Health under Section 232a of the Michigan Mental Health Code and through a resolution adopted by the Monroe County Board of Commissioners on October 1, 1996, it became an authority. As an authority, the Monroe County Community Mental Health Authority has become an autonomous and distinct legal entity separate and apart from the County of Monroe.

The Monroe County Board of Commissioners has the authority to appoint the voting members of the Community Mental Health Authority Board of Directors, which governs the Authority. By law, the primary government (Monroe County) can remove appointed members of the component unit's (Community Mental Health Authority) governing body at will. The Authority is also accountable to the County of Monroe and may be terminated by a majority vote of either the Monroe County Board of Commissioners or the Monroe County Community Mental Health Authority Board of Directors. Complete financial statements that are separately audited may be obtained from the administrative office at Community Mental Health Authority, 1001 South Raisinville Road, Monroe, Michigan 48161.

Monroe County Library System - The Monroe County Library System operates under the provisions of Section 397.301 of the 1979 Compiled Laws and is governed by a five-member board appointed by the Monroe County Board of Commissioners. As recommended by the Michigan Committee on Governmental Accounting Auditing Statement No. 4, the Monroe County Library System is treated as a discretely presented component unit. As well as appointing the Library Board, the County has the ability to impose its will over the County Library System and would incur a financial benefit or burden if operations of the Library System ceased or changed significantly. The purpose of the Monroe County Library System is to account for earmarked revenue from penal fines, a special millage set aside for library operations, and state grants earmarked to provide public library services. Complete financial statements that are separately audited may be obtained from the administrative office at Monroe County Library System, 3700 South Custer Road, Monroe, Michigan 48161.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Monroe County Drain Commission - Each of the drainage districts established pursuant to the Drain Code of 1956 and included in the financial statements of the Monroe County Drain Commission are separate legal entities with the power to contract; to sue and be sued; and to hold, manage and dispose of real and personal property. The Statutory Drain Board consists of the Drain Commissioner, the Chair of the County Board of Commissioners, and one other member of the Board of Commissioners. The Drain Commissioner is responsible for the construction and maintenance of storm drains within the County. The County is financially accountable for the Drain Commission because the Board of Commissioners approves the budget for the Drain Commission. The full faith and credit of the County is often given for the long-term debt of the drainage districts. A separate report is not prepared for the Monroe County Drain Commission.

County Agency - In 1968, the County of Monroe entered into a program of water supply and sanitary sewer facility construction under Act 342, Public Acts of 1939, as amended. Pursuant to this Act, the County Board of Commissioners appointed the Monroe County Drain Commissioner as the County Agency. The Drain Commissioner as County Agency may not issue debt or levy a special assessment except upon resolution adopted by the County Board of Commissioners. The County Agency manages water supply and sanitary sewer system construction projects of other separate legal units of government. The County pledges its full faith and credit for bonds to finance the projects, but title passes to the local unit when the debt is retired. In addition, the County Agency oversees debt retirement of bonded debt that was used to finance the construction projects that it has managed, and operates and maintains water supply and sanitary sewer systems for other local units of government as appointed by the Board of Commissioners. The County Agency also handles the billing and collection of utility bills when contracted to do so by local units of government. Complete financial statements that are separately audited may be obtained from the administrative office at Monroe County Drain Commissioner County Agency, 1005 South Raisinville Road, Monroe, Michigan 48161.

Complete financial statements of the individual component units that are separately audited can be obtained from their respective administrative offices as noted above or the County Clerk's office at 125 East Second Street, Monroe, MI 48161.

Related disclosures for the County's component units have been incorporated into the notes to the basic financial statements and are referenced to the above mentioned component units when applicable.

Fiscal Year Ends Other than December 31, 2007

The financial information presented in this report is for the fiscal year ended December 31, 2007, except for the Community Mental Health Authority, which is for the fiscal year ended September 30, 2007.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

RELATED ORGANIZATION

A related organization is a legal entity for which the government appoints a voting majority of the governing body, but for which it is not financially accountable. Monroe County has the following related organization:

County of Monroe Hospital Finance Authority – is governed by a five-member board appointed by the Chairman of the Monroe County Board of Commissioners, with the approval of the majority of the entire membership of the Monroe County Board of Commissioners. No member of the Board of Commissioners may serve on the Hospital Finance Authority Board. The County of Monroe Hospital Finance Authority (the “Authority”) is a legally separate entity established to facilitate nonpublic, nonprofit hospitals in obtaining financing or refinancing for capital improvements. To accomplish this purpose, the Authority is authorized to issue bonds for the purpose of making related loans to the hospitals. Because the Authority does not provide a financial benefit or burden to the County and the County does not have the ability to impose its will, the Authority is not reported as a component unit of the County.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Thus, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants that use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Health Fund – This fund is used to account for the activities of delivering an array of public health services to residents of the County. Monies are provided by federal, state, and county appropriations, contributions, and charges for services.

Revenue Sharing Reserve Fund – This fund is used to account for activities related to the establishment of a fund used to reserve current property tax collections that will supplant future year state revenue sharing payments.

Federal Prisoner Housing Fund – This fund is used to account for the activity of the second jail facility.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Senior Citizen Fund – This fund is used to account for the special tax levy and general fund appropriation for services and special programs for senior citizens.

Capital Projects Fund - This fund is used to account for nonmajor renovation/construction projects and the acquisition or construction of facilities other than those financed by proprietary fund operations.

The County reports the following major proprietary fund:

Delinquent Tax Revolving Fund – This enterprise fund accounts for the County’s annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County’s issuance of debt when needed (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

Additionally, the County reports the following fund types:

Special Revenue Funds - These funds account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

Debt Service Fund - This fund is used to record revenues which are restricted for the payment of principal and interest on debt recorded as long-term obligations of the governmental activities.

Enterprise Funds - These funds are used to report any activity for which a fee is charged to external users for goods or services.

Internal Service Funds – These funds account for operations that provide services (such as the County’s telephone system, self-insurance, and equipment purchases) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Pension and Other Employee Benefit Trust Funds – These funds account for the activities of the Employees’ Retirement System and the Retirement Health Care employee benefit program for qualified employees.

Agency Funds – These funds account for assets collected and held in a custodial capacity on behalf of outside parties and other governments, including fines, tax collections, fees, licenses and permits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private sector guidance.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

DEPOSITS AND INVESTMENTS

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value. Earnings from investments are allocated to various funds as required by federal regulations, state statutes, and local ordinances.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

RECEIVABLES AND PAYABLES

Transactions between funds that are representative of lending/borrowing arrangements and are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

INVENTORIES AND PREPAID ITEMS

Inventories for the County Agency component unit are valued at cost, using the first-in first-out method.

Inventories for the Road Commission component unit are priced at cost as determined using an average cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County establishes a reserve of fund balance for all prepaid items.

RESTRICTED ASSETS

Certain resources are classified as restricted assets on the statement of net assets because funds are set aside for debt retirement of general obligation bonds, construction, capital asset replacement, vehicles, necessary building improvement requirements, and general liability claims.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Drain Commissioner and Road Commission component units. The capitalization threshold for infrastructure is \$25,000. Only infrastructure assets acquired subsequent to 1980 have been reported. Capital assets other than infrastructure assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value as of the donation date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	30 - 50
Building improvements	20
Machinery and equipment	5 - 10
Vehicles	5 - 7
Public domain infrastructure	8 - 50

Provisions for depreciation are computed at rates designed to amortize the cost of the assets over the estimated useful lives of those assets.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COMPENSATED ABSENCES

The County has an accrued liability to its employees for accumulated vested vacation benefits of \$1,378,000 at December 31, 2007. The County's employment policy provides that vacation days can be carried over one year from the end of the calendar year in which they are earned. Vacation days are forfeited if they are not taken within the two-year period. This policy applies to all employees except Road Commission employees.

As of July 1, 1986, all accumulated sick leave for employees was frozen and placed in a bank. Regular full-time non-union employees with banked sick days may utilize them for illness. Unused sick days are maintained in the bank and the employee shall be paid for one-half of those unused days at the time the employee terminates employment. At December 31, 2007, the County has a liability of \$105,416 for the banked sick time recorded in the financial statements of the Banked Sick Pay Fund, an internal service fund. The County's current employment policy for sick leave calls for yearly payout of one-half of the unused balance. The remaining one-half does not accumulate. This policy requires payment in the second payroll of

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

the subsequent fiscal year and is accrued at year end.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted by the County Board of Commissioners for the general and special revenue funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect the actual revenues and expenditures for these funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The Board of Commissioners holds a public hearing and a final budget is adopted prior to December 31 and presented in a separate document. The County's department heads may make transfers of appropriations within a department, with the exception of a personnel services object. Transfers of appropriations between a personnel and non-personnel services object require prior approval of the Board of Commissioners. Transfers of appropriations between departments also require the approval of the Board. The level of budgetary control is the department level for the general fund and fund level for special revenue funds. The Finance Officer is authorized to transfer budget amounts, with the exception of personnel services, and to make authorized amendments to the original approved budget.

The Board of Commissioners made several supplemental budgetary appropriations throughout the year, including a net increase of \$1,523,518 in the general fund budget and net increases of \$2,524,476 in the special revenue funds. The general fund net increases were due primarily to additional grant activity, additional capital outlay, additional interest income and public improvement items. The special revenue fund increases were for similar reasons as the general fund.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are recorded at the time that the purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Encumbrances outstanding at December 31, 2007 do not lapse but are reserved within the fund balance and brought forward to the new fiscal year.

NOTE C – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. The approved budgets of the County were adopted on a department level basis for the general fund and the fund level for the special revenue funds.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Excess of expenditures over appropriations in individual funds are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General fund			
General government:			
Remonumentation	\$ 114,145	\$ 115,794	\$ 1,649
Parks maintenance	264,562	267,170	2,608
Public safety:			
Detectives bureau	717,622	742,752	25,130
Road patrol	4,561,694	4,875,690	313,996
Sheriff records	459,584	467,659	8,075
Contractual - schools	1,688,998	1,830,175	141,177
Justice Department Grant 2005 - DJ - BX0007	-	818	818
Drug enforcement	80,252	126,217	45,965
Secondary road patrol	474,852	488,366	13,514
Enforcement-PT-06-07	62,229	62,757	528
COPS in Schools - BPS and SPS	177,900	188,972	11,072

These over-expenditures were funded by available fund balance.

NOTE D - DEPOSITS, INVESTMENTS AND SECURITIES LENDING

Following is a reconciliation of deposits and investments as of December 31, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and cash equivalents	\$ 36,220,509	\$18,021,851	\$ 54,242,360
Investments	10,208,499	-	10,208,499
Restricted cash and cash equivalents	308,917	11,343,767	11,652,684
 Statement of Fiduciary Net Assets:			
Cash and cash equivalents	3,073,033	-	3,073,033
Investments	<u>207,416,976</u>	<u>-</u>	<u>207,416,976</u>
Total	<u>\$257,227,934</u>	<u>\$29,365,618</u>	<u>\$286,593,552</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Deposit and Investments:

Bank deposits (checking and savings accounts, and certificates of deposit)	\$ 71,380,062
Investments in securities, mutual funds and similar vehicles:	
Treasurer's investment pool	7,790,714
Employees' retirement system	186,782,572
Retiree health insurance fund	20,634,404
Cash on hand	5,800
Total	<u>\$286,593,552</u>

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2007, \$72,173,332 of the County's total bank balance of \$73,879,742 (total book balance was \$71,380,062) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the Treasurer's investment pool as of December 31, 2007:

U.S. agencies	\$ 4,226,700
Money market	1,523,323
Commercial paper	<u>2,040,691</u>
Total	<u>\$ 7,790,714</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations. Ratings are not required for money market funds.

As of December 31, 2007, all of the Treasurer's investment pool in securities of U.S. agencies were rated AAA by Standard & Poor's (S&P). Of the County's holdings in commercial paper, S&P rated \$1,011,530 as A-1+ and \$1,029,161 as A-1; Moody's rated the entire amount of \$2,040,691 as P-1. Of the County's investments in money market funds, the entire amount of \$1,523,323 was rated AAAM by S&P.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2007, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	28.8%
U.S. agencies	Federal National Mortgage Association	12.6%
U.S. agencies	Federal Home Loan Mortgage Corporation	12.8%
Commercial paper	G.E. Capital Corporation	13.2%
Commercial paper	Charta, LLC	13.0%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2007, all of the County's debt securities in the Treasurer's investment pool were scheduled to mature in 2008 and 2009. All of the debt securities are callable.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2007:

Investments at fair value, as determined by quoted market price:	
U.S. treasuries	\$ 12,672,962
U.S. agencies:	
Not on securities loan	2,225,916
On securities loan	16,119,075
Foreign government bonds	14,974,078
Corporate bonds:	
Not on securities loan	22,818,765
On securities loan	115,522
Bond mutual fund	2,194,186
Domestic equities:	
Not on securities loan	33,106,288
On securities loan	15,357,943
International equities	10,216,186
American depository receipts	39,152,398
Domestic real estate investment trusts	1,016,676
International real estate investment trusts	3,816,911
Collateralized mortgage obligations (CMO)	3,597,976
Money market	9,397,690
Total investments	<u>\$ 186,782,572</u>

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in domestic and foreign stocks, government securities, corporate securities, mortgages, real estate and various other investment instruments, subject to certain limitations.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

As of December 31, 2007, the System's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Foreign government bonds</u>	<u>Corporate bonds</u>	<u>Collateralized mortgage obligations</u>
AAA	\$ 16,864,206	\$ 10,349,418	\$ 2,743,079	\$ 3,597,976
AA+	-	174,059	-	-
AA	-	217,091	3,469,613	-
AA-	1,480,785	365,729	3,515,942	-
A+	-	1,257,129	7,321,957	-
A	-	1,590,482	3,252,321	-
A-	-	515,256	868,575	-
BBB+	-	-	1,578,015	-
BBB	-	-	184,785	-
Not rated	-	504,914	-	-
	<u><u>\$ 18,344,991</u></u>	<u><u>\$ 14,974,078</u></u>	<u><u>\$ 22,934,287</u></u>	<u><u>\$ 3,597,976</u></u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The System's investments in bond mutual and money market funds are not rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no manager will hold more than 5% of its portion of the total fund in any single company and no more than 5% may be held in any single common stock. At December 31, 2007 the System's investment portfolio was not concentrated.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

As of December 31, 2007, maturities of the System's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 12,672,962	\$ -	\$ 5,810,851	\$ 6,202,434	\$ 659,677
U.S. agencies	18,344,991	260,406	8,161,613	3,290,732	6,632,240
Foreign governments	14,974,078	4,176,530	6,930,418	3,615,124	252,006
Corporate bonds	22,934,287	2,552,237	13,045,360	5,857,762	1,478,928
CMO	3,597,976	-	-	-	3,597,976
	\$ 72,524,294	\$ 6,989,173	\$ 33,948,242	\$ 18,966,052	\$ 12,620,827

Of the above balances, \$766,130 of corporate securities was callable.

Foreign Currency Risk. Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The System has no policies relating to foreign currency risk. The System's exposure to foreign currency risk is summarized as follows:

Investment / Country	Currency	Fair Value (in U.S. Dollars)
Foreign government bonds		
Australia	Australian dollar	\$ 2,420,571
Canada	Canadian dollar	2,605,582
Malaysia	Malaysian ringgit	891,735
New Zealand	New Zealand dollar	137,143
Norway	Norwegian krone	1,172,544
Poland	Polish zloty	1,590,482
Singapore	Singapore dollar	1,321,790
South Africa	South African rand	892,720
Sweden	Swedish krona	2,192,757
United Kingdom	British pound	1,748,754
		\$ 14,974,078

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

<u>Investment / Country</u>	<u>Currency</u>	<u>Fair Value (in U.S. Dollars)</u>
International equities		
Australia	Australian dollar	\$ 227,793
Bermuda	Bermudian dollar	715,177
Canada	Canadian dollar	3,172,361
Cayman Islands	Cayman Islands dollar	428,400
France	European euro	127,000
Germany	European euro	1,666,628
Israel	Israeli new shekel	214,659
Italy	European euro	188,165
Japan	Japanese yen	274,249
Luxembourg	European euro	349,102
Netherlands	European euro	101,658
Puerto Rico	U.S. dollar	332,446
Singapore	Singapore dollar	508,110
Sweden	Swedish krona	253,477
Switzerland	Swiss franc	544,551
United Kingdom	British pound	1,112,410
		<u>10,216,186</u>
Total foreign currency risk		<u>\$ 25,190,264</u>

In addition, as part of a foreign currency overlay plan in conjunction with the foreign government bonds, the System has entered into certain forward contracts (derivatives) to reduce overall portfolio volatility caused by foreign currency risk.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Following is a summary of these forward contracts, for which an asset in the amount of \$27,584 as of December 31, 2007, representing the fair value of those contracts, has been reported in the accompanying statements of plan net assets:

<u>Investment / Currency</u>	<u>Current Maturity Date</u>	<u>Receivable (Payable) [in U.S. Dollars]</u>
Canadian dollar payable	01/24/08	\$ (970,982)
United Kingdom pounds payable	03/20/08	(1,144,091)
United Kingdom pounds payable	03/20/08	(152,943)
United States dollars receivable	01/24/08	965,852
United States dollars receivable	03/20/08	1,174,539
United States dollars receivable	03/20/08	155,209
Net contracts receivable		\$ 27,584

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Retiree Health Insurance Fund Investments

The Retiree Health Insurance Fund (RHIF) investments are similarly governed by Public Act 314 of 1965 and follow the investment policies of the Employees' Retirement System, although the RHIF is independent of the System. The RHIF's investments are held by an independent investment management company.

Following is a summary of the RHIF's investments as of December 31, 2007:

**Investments at fair value, as determined
by quoted market prices:**

U.S. treasuries	\$ 894,181
U.S. agencies	2,300,402
Corporate bonds	2,824,121
Bond mutual funds	2,717,335
Domestic equities	11,507,958
Money market funds	<u>390,407</u>

Total investments **\$ 20,634,404**

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The RHIF's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks. As of December 31, 2007, the RHIF's investments in debt securities were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Corporate bonds</u>
AAA	\$ 1,272,890	\$ 724,753
AA	-	379,056
AA-	242,126	401,974
A+	-	777,237
A	-	379,903
A-	-	29,758
BBB+	-	131,440
Not rated	<u>785,386</u>	<u>-</u>
	<u>\$ 2,300,402</u>	<u>\$ 2,824,121</u>

United States treasury securities are explicitly guaranteed by the U.S. government and not considered to have credit risk. The RHIF's investments in bond mutual and money market funds are not rated.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the RHIF will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The RHIF's investment policy requires that securities be held in trust by a third-party institution in the RHIF's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the RHIF's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the RHIF's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the RHIF's investment in a single issuer. The RHIF's investment policy requires that no manager will hold more than 5% of its portion of the total fund in any single company and no more than 5% may be held in any single common stock. At December 31, 2007 the RHIF's investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal National Mortgage Association	5.5%
	Federal Home Loan Mortgage Corporation	5.1%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The RHIF's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2007, maturities of the RHIF's debt securities were as follows:

		<u>Investment Maturities (fair value by years)</u>			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 894,181	\$ -	\$ 311,156	\$ 583,025	\$ -
U.S. agencies	2,300,402	-	1,067,517	447,499	785,386
Corporate bonds	2,824,121	228,102	1,600,214	586,916	408,889
	<u>\$ 6,018,704</u>	<u>\$ 228,102</u>	<u>\$ 2,978,887</u>	<u>\$ 1,617,440</u>	<u>\$ 1,194,275</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE E - RECEIVABLES

Receivables in the governmental activities are as follows:

Accounts	\$ 77,827
Interest	95,813
Current taxes	5,240,139
Other agencies and governments	<u>2,921,745</u>
Total	<u><u>\$ 8,335,524</u></u>

Receivables for the business-type activities are composed of amounts due from taxpayers for delinquent taxes and related interest and collections fees; and loans receivable for housing rehabilitation programs.

Governmental funds report deferred revenue in connection with receivables that are not available to liquidate liabilities of the current period, and with resources that have been received, but not earned. At year end, deferred revenue reported in the governmental funds, and the unearned revenue in the governmental activities based on the nature of the respective items, was comprised of the following:

Property taxes receivable:	
General fund	\$ 302,641
Senior citizen fund	<u>3,190,463</u>
Total	<u><u>\$ 3,493,104</u></u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE F - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2007, is as follows:

	<u>Receivable</u>	<u>Payable</u>
<u>Due to/from other funds</u>		
General fund	\$ 337,378	\$ 402,221
County health fund	3,050	-
Federal prisoner housing fund	146,495	351,000
Senior citizen fund	-	918,000
Delinquent tax revolving	-	337,378
Nonmajor governmental funds	2,256,705	746,000
Internal service funds	440,971	430,000
Total	<u>\$ 3,184,599</u>	<u>\$ 3,184,599</u>
<u>Advances to/from other funds</u>		
General fund	\$ 663,500	\$ -
Capital projects fund	-	400,000
Nonmajor governmental funds	206,100	113,500
Internal service funds	-	356,100
Total	<u>\$ 869,600</u>	<u>\$ 869,600</u>
<u>Advances to/from primary government and component units</u>		
Primary government - General fund	\$ 600,000	\$ -
Component unit - Drain Commission	-	600,000
Total	<u>\$ 600,000</u>	<u>\$ 600,000</u>

The County reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the basic financial statements. These interfund balances resulted primarily from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund advances are provided for working capital, and are long-term in nature.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

A summary of interfund transfers for the year ended December 31, 2007 is as follows:

Interfund transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 4,011,835	\$ 11,479,014
County health fund	1,245,000	-
Revenue sharing reserve fund	-	2,747,310
Federal prisoner housing fund	2,209,557	-
Senior citizen fund	-	249,525
Capital projects fund	845,000	-
Nonmajor governmental funds	7,720,201	5,744
Delinquent tax revolving fund	-	1,095,000
Nonmajor enterprise funds	60,000	-
Internal service funds	<u>430,000</u>	<u>945,000</u>
Total	<u>\$ 16,521,593</u>	<u>\$ 16,521,593</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE G - CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 105,000	\$ -	\$ -	\$ 105,000
Collections	50,000	63,500	-	113,500
Construction in progress	304,525	7,641,914	-	7,946,439
Total capital assets, not being depreciated	<u>459,525</u>	<u>7,705,414</u>	<u>-</u>	<u>8,164,939</u>
Capital assets, being depreciated:				
Land improvement	727,200	99,909	-	827,109
Buildings and improvements	49,575,501	527,584	25,364	50,077,721
Machinery and equipment	13,634,248	1,997,017	203,985	15,427,280
Vehicles	2,244,525	290,853	249,582	2,285,796
Total capital assets, being depreciated	<u>66,181,474</u>	<u>2,915,363</u>	<u>478,931</u>	<u>68,617,906</u>
Less accumulated depreciation for:				
Land improvement	358,173	81,744	-	439,917
Buildings and improvements	30,987,754	1,154,198	25,364	32,116,588
Machinery and equipment	3,440,263	2,009,381	203,985	5,245,659
Vehicles	1,632,570	263,693	235,251	1,661,012
Total accumulated depreciation	<u>36,418,760</u>	<u>3,509,016</u>	<u>464,600</u>	<u>39,463,176</u>
Total capital assets, being depreciated, net	<u>29,762,714</u>	<u>(593,653)</u>	<u>14,331</u>	<u>29,154,730</u>
Governmental activities capital assets, net	<u>\$ 30,222,239</u>	<u>\$ 7,111,761</u>	<u>\$ 14,331</u>	<u>\$ 37,319,669</u>
Business-type activities				
Capital assets, being depreciated:				
Machinery and equipment:	\$ 313,436	\$ -	\$ -	\$ 313,436
Vehicles	-	12,633	-	12,633
Total capital assets, being depreciated	<u>313,436</u>	<u>12,633</u>	<u>-</u>	<u>326,069</u>
Less accumulated depreciation for:				
Machinery and equipment:	289,288	12,923	-	302,211
Vehicles	-	2,527	-	2,527
Total accumulated depreciation	<u>289,288</u>	<u>15,450</u>	<u>-</u>	<u>304,738</u>
Business-type activities capital assets, net	<u>\$ 24,148</u>	<u>\$ (2,817)</u>	<u>\$ -</u>	<u>\$ 21,331</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Depreciation expense was charged to functions or programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,038,814
Public safety	2,081,610
Health and welfare	156,484
Recreation and culture	160,403
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>71,705</u>
Total depreciation expense-governmental activities	<u>\$3,509,016</u>

Discretely Presented Component Units

Capital asset activity for the discretely presented component units for fiscal 2007 was as follows:

Monroe County Road Commission

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers *</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 746,812	\$ -	\$ -	\$ 310,000	\$ 436,812
Land improvements - infrastructure	13,314,676	1,109,238	-	-	14,423,914
Total capital assets, not being depreciated	<u>14,061,488</u>	<u>1,109,238</u>	<u>-</u>	<u>310,000</u>	<u>14,860,726</u>
Capital assets, being depreciated:					
Land improvement	175,032	950	-	-	175,982
Buildings	4,175,895	56,843	-	-	4,232,738
Equipment and storage	11,572,911	299,758	175,077	-	11,697,592
Infrastructure	154,622,713	12,518,181	-	-	167,140,894
Total capital assets, being depreciated	<u>170,546,551</u>	<u>12,875,732</u>	<u>175,077</u>	<u>-</u>	<u>183,247,206</u>
Less accumulated depreciation for:					
Land improvement	69,999	4,836	-	-	74,835
Buildings	1,897,936	202,088	-	-	2,100,024
Equipment and storage	9,133,107	622,070	164,756	-	9,590,421
Infrastructure	73,791,740	8,253,270	-	-	82,045,010
Total accumulated depreciation	<u>84,892,782</u>	<u>9,082,264</u>	<u>164,756</u>	<u>-</u>	<u>93,810,290</u>
Total capital assets, being depreciated, net	<u>85,653,769</u>	<u>3,793,468</u>	<u>10,321</u>	<u>-</u>	<u>89,436,916</u>
Road Commission capital assets, net	<u>\$ 99,715,257</u>	<u>\$ 4,902,706</u>	<u>\$ 10,321</u>	<u>\$ 310,000</u>	<u>\$ 104,297,642</u>

* Land that was bought in 2003 was put up for sale during the year. The land was reclassified out of capital assets and is now shown as land held for resale on the governmental fund balance sheet/statement of net assets.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Community Mental Health Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 54,000	\$ -	\$ -	\$ 54,000
Capital assets, being depreciated:				
Buildings and improvements	693,832	-	-	693,832
Equipment and furnishings	1,251,453	35,883	-	1,287,336
Vehicular equipment	784,676	-	302,233	482,443
Total capital assets, being depreciated	2,729,961	35,883	302,233	2,463,611
Less accumulated depreciation	1,618,330	241,875	302,233	1,557,972
Total capital assets, being depreciated, net	1,111,631	(205,992)	-	905,639
Community Mental Health capital assets, net	\$ 1,165,631	\$ (205,992)	\$ -	\$ 959,639

Monroe County Library System

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Library collection	\$ 8,249,610	\$ 680,436	\$ 311,991	\$ 8,618,055
Capital assets, being depreciated:				
Buildings and improvements	332,794	-	-	332,794
Equipment and furnishings	941,807	56,705	380,420	618,092
Vehicular equipment	122,791	1,999	-	124,790
Total capital assets, being depreciated	1,397,392	58,704	380,420	1,075,676
Less accumulated depreciation	764,377	152,177	380,420	536,134
Total capital assets, being depreciated, net	633,015	(93,473)	-	539,542
Library System capital assets, net	\$ 8,882,625	\$ 586,963	\$ 311,991	\$ 9,157,597

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Monroe County Drain Commission

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land improvements - infrastructure:				
Capital assets, being depreciated	\$ 33,929,991	\$ -	\$ -	\$ 33,929,991
Less accumulated depreciation	9,355,456	496,236	-	9,851,692
Drain Commission capital assets, net	<u>\$ 24,574,535</u>	<u>\$ (496,236)</u>	<u>\$ -</u>	<u>\$ 24,078,299</u>

County Agency Component Unit

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and rights of way	\$ 172,557	\$ -	\$ -	\$ 172,557
Construction in progress	6,811,044	66,712	-	6,877,756
Total capital assets, not being depreciated	6,983,601	66,712	-	7,050,313
Capital assets, being depreciated:				
Utility plant in service	24,972,932	180,327	-	25,153,259
Buildings and improvements	643,144	14,910	-	658,054
Equipment	436,195	67,122	-	503,317
Vehicles	773,734	27,411	-	801,145
Total capital assets, being depreciated	26,826,005	289,770	-	27,115,775
Less accumulated depreciation	10,121,703	513,779	-	10,635,482
Total capital assets, being depreciated, net	16,704,302	(224,009)	-	16,480,293
County Agency capital assets, net	<u>\$ 23,687,903</u>	<u>\$ (157,297)</u>	<u>\$ -</u>	<u>\$ 23,530,606</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE H - LONG-TERM DEBT

Primary Government

Long-term liability activity for governmental activities for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
Building Authority, Series 1998B	\$ 5,485,000	\$ -	\$ 340,000	\$ 5,145,000	\$ 360,000
Building Authority, Series 2007	-	8,600,000	-	8,600,000	265,000
Deferred amounts for -					
Issuance discounts	-	(76,881)	-	(76,881)	-
Installment obligations	1,710,399	-	665,357	1,045,042	690,272
Compensated absences	<u>1,344,058</u>	<u>1,378,000</u>	<u>1,344,058</u>	<u>1,378,000</u>	<u>1,378,000</u>
	<u>\$ 8,539,457</u>	<u>\$ 9,901,119</u>	<u>\$ 2,349,415</u>	<u>\$ 16,091,161</u>	<u>\$ 2,693,272</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Outstanding Principal</u>
General Obligation Limited Tax Bonds			
1998B Building Authority	4.00-5.15%	2018	\$ 5,145,000
2007 Building Authority	4.00-4.25%	2027	<u>8,600,000</u>
Total			<u>\$ 13,745,000</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 625,000	\$ 549,170
2009	655,000	521,500
2010	690,000	494,600
2011	725,000	466,300
2012	760,000	436,600
2013-2017	4,435,000	1,681,500
2018-2022	2,930,000	884,944
2023-2027	<u>2,925,000</u>	<u>321,408</u>
Total	<u>\$ 13,745,000</u>	<u>\$ 5,356,022</u>

Installment Obligations. The County has entered into a long-term installment payment agreement for interoperable communications equipment for public safety agencies. The original amount of installment obligations issued during fiscal year 2004 was \$3,300,000 for the primary government. Installment obligations outstanding at year-end amount to \$1,045,042 with interest at 3.71 percent.

Annual debt service requirements to maturity for installment obligations are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 690,272	\$ 32,428
2009	<u>354,770</u>	<u>6,581</u>
Total	<u>\$ 1,045,042</u>	<u>\$ 39,009</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Discretely Presented Component Units

Long-term debt activity for the discretely presented component units for fiscal 2007 was as follows:

Road Commission

The debt of the Road Commission as of December 31, 2007, is summarized as follows:

	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
1999 Michigan Transportation Fund Bonds, Series 1999	4.60%-5.00%	2012	\$1,100,000
2002 Michigan Transportation Fund Notes, Series 2002	3.625%-4.00%	2012	1,750,000
2005 Michigan Transportation Fund Bonds, Series 2005	3.25%-3.85%	2017	1,950,000
2005 Michigan Transportation Fund Notes, Series 2005	3.80%	2010	450,000
Installment lease purchase agreements	4.00%-8.00%	2008	263,446
Installment debt - State audit	0%	2009	181,594
Installment debt - Township contracts	0%	2010	489,815
Total bonded and other contractual indebtedness			<u><u>\$6,184,855</u></u>

Bonds and notes payable include the following:

The 1999 and 2005 Michigan Transportation Fund Bonds were issued by the County on behalf of the Road Commission. The Road Commission is a co-signer on these bond agreements and is solely responsible for the repayment of these bonds.

The 2002 and 2005 Michigan Transportation Fund Notes have been issued in accordance with the statutory requirements of Michigan Public Act 143 of 1943, as amended. The financing from these notes will be used to fund improvements on county highways

The installment lease purchase agreements consist of multi-equipment obligations, including two Cat loaders, two Cat graders and an asphalt trailer.

The state audit installment debt consists of amounts owed for previous audits of the state trunkline maintenance contracts.

The township contact installment debt consists of amounts owed on a construction project that was completed during the current year.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Following is a summary of long-term debt transactions of the Road Commission for the year ended December 31, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Michigan Transportation Fund:					
Bonds, Series 1999	\$ 1,290,000	\$ -	\$ 190,000	\$ 1,100,000	\$ 200,000
Notes, Series 2002	2,100,000	-	350,000	1,750,000	350,000
Notes, Series 2005	600,000	-	150,000	450,000	150,000
Bonds, Series 2005	2,100,000	-	150,000	1,950,000	150,000
Installment lease purchase agreements	335,627	-	72,181	263,446	263,446
Installment agreements - State audit	-	181,594	-	181,594	80,708
Installment agreements - Township	-	489,815	-	489,815	200,000
Other postemployment benefits obligation	-	791,901	-	791,901	-
Provision for workers compensation losses	377,000	-	42,000	335,000	-
Compensated absences	595,438	11,587	-	607,025	-
Totals Road Commission	<u>\$ 7,398,065</u>	<u>\$ 1,474,897</u>	<u>\$ 954,181</u>	<u>\$ 7,918,781</u>	<u>\$ 1,394,154</u>

Annual debt service requirements to maturity for the bonds, notes and lease purchase agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,394,154	\$ 213,548
2009	1,160,886	170,483
2010	1,009,815	135,915
2011	780,000	98,575
2012	790,000	65,825
2013-2017	<u>1,050,000</u>	<u>122,025</u>
Total	<u>\$ 6,184,855</u>	<u>\$ 806,371</u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Community Mental Health Authority

Following is a summary of the changes in the long-term debt of the Community Mental Health Authority:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 12,429	\$ -	\$ 5,966	\$ 6,463	\$ 5,966
Compensated absences	249,466	588,012	623,981	213,497	-
	<u><u>\$ 261,895</u></u>	<u><u>\$ 588,012</u></u>	<u><u>\$ 629,947</u></u>	<u><u>\$ 219,960</u></u>	<u><u>\$ 5,966</u></u>

Operating Leases

The Authority has entered into various operating leases for the use of real and personal property. Operating leases do not give rise to property rights or lease obligations, and therefore, the lease agreements are not reflected in the government-wide financial statements or the fund financial statements. At September 30, 2007, the Authority was committed, subject to cancellation provisions, for rental payments under operating leases as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$ 211,968
2009	180,650
2010	170,732
2011	<u>119,447</u>
Total	<u><u>\$ 682,797</u></u>

Library System

Following is a summary of the changes in the long-term liabilities of the Library System:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u><u>\$ 284,168</u></u>	<u><u>\$ 215,586</u></u>	<u><u>\$ 220,232</u></u>	<u><u>\$ 279,522</u></u>	<u><u>\$ -</u></u>

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Drain Commission

Drain bonds and notes are issued for the construction and maintenance of County drains. Bonds and notes issued by the Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Monroe.

Long-term liability activity for the Drain Commission for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
1996 Drainage District Bonds (limited tax general obligation bonds; original issuance \$1,340,000); annual installments of \$70,000-\$115,000 through 2019; interest at 5.7% to 6.0%	\$ 885,000	\$ -	\$ 65,000	\$ 820,000	\$ 70,000
Drainage district notes payable	<u>318,700</u>	<u>582,500</u>	<u>246,100</u>	<u>655,100</u>	<u>535,100</u>
	<u>\$ 1,203,700</u>	<u>\$ 582,500</u>	<u>\$ 311,100</u>	<u>\$ 1,475,100</u>	<u>\$ 605,100</u>

Annual debt service requirements to maturity for drain bonds and notes are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 605,100	\$ 72,720
2009	195,000	47,344
2010	80,000	37,713
2011	85,000	32,866
2012	90,000	27,725
2013-2016	<u>420,000</u>	<u>52,541</u>
Total	<u>\$ 1,475,100</u>	<u>\$ 270,909</u>

County Agency

The County has issued general obligation bonds for various waterworks and sewage disposal systems under Act 342, P.A. 1939, as amended. These bonds are supported by a pledge of the County's full faith and credit as well as by the various local units which make payments through contractual agreements with the County to meet the principal and interest of these bonds; title passes to the local unit when the debt is retired.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

The following is a summary of changes in long-term debt of the County Agency for the year ended December 31, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 51,710,000	\$ 8,354,415	\$ 10,355,000	\$ 49,709,415	\$ 4,305,000
Unamortized issuance discounts	(40,300)	-	(2,150)	(38,150)	-
Compensated absences	94,040	93,487	94,040	93,487	93,487
	<u><u>\$ 51,763,740</u></u>	<u><u>\$ 8,447,902</u></u>	<u><u>\$ 10,446,890</u></u>	<u><u>\$ 49,764,752</u></u>	<u><u>\$ 4,398,487</u></u>

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2007, excluding compensated absences, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 4,305,000	\$ 1,844,168
2009	4,155,000	1,684,588
2010	3,950,000	1,534,617
2011	4,000,000	1,396,300
2012	3,930,000	1,252,256
2013-2017	13,480,000	4,614,882
2018-2022	10,734,415	2,252,495
2023-2027	4,675,000	542,696
2028-2032	<u>480,000</u>	<u>25,725</u>
Total	<u><u>\$ 49,709,415</u></u>	<u><u>\$ 15,147,727</u></u>

NOTE I - PENSION PLAN

Plan Description

The Monroe County Employees Retirement Plan (the Plan) is a single-employer defined benefit pension plan administered by the Monroe County Employees Retirement System Board of Trustees (the Board). The Plan covers substantially all full-time employees of the County and discretely presented component units. The Plan was adopted and established by Monroe County in accordance with Michigan Compiled Laws, Section 46.12a.

The Plan provides retirement, deferred allowance, disability and death benefits to plan members and their beneficiaries in accordance with the County's retirement plan ordinance. The Plan also provides retiree health care benefits to the employees of the Monroe County Library. All other covered employees receive retiree health care benefits through a separate plan (See Note J). Benefit provisions are established and may be amended by the Board.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

The Monroe County Employees Retirement System's financial statements are included in the financial statements of Monroe County as a pension trust fund. A separate, publicly available financial report that includes financial statements and required supplementary information is also issued. That report may be obtained by writing to the Monroe County Employees Retirement System, 125 East Second Street, Monroe, Michigan 48161-2197.

Basis of Accounting

The Monroe County Employees Retirement System's financial statements are prepared using the accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and Statement No. 26, "Financial Reporting for Postemployment Health Care Plan Administered by Defined Benefit Pension Plans." Plan contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Funding Policy

Plan employers (General County, Monroe County Library, Monroe County Road Commission, Monroe County Drain Commission, County Agency, and Monroe County Community Mental Health Authority) are required to make periodic contributions that are expressed as percentages of their annual covered payrolls. These contributions are determined as part of an actuarial valuation, using the entry age normal cost method, and are designed to accumulate sufficient assets to pay benefits when due. Normal cost is funded on a current basis. Unfunded and overfunded actuarial accrued liabilities are being amortized as a level percent of payroll over periods ranging from 7 to 15 years depending on plan employer. Significant actuarial assumptions used include (a) a 7.0 percent investment rate of return, (b) projected salary increases ranging from 5.0 percent to 12.0 percent per year, and (c) no cost of living adjustments other than 4.5 percent for certain Road Commission members. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

Plan members may also be required to contribute up to 5.0 percent of their covered salary, depending on the bargaining unit. Employees of the Road Commission contribute 3.1 percent of their annual earnings. Employees of the Sheriff (consisting of deputies, command officers, jail and corrections officers) and Central Dispatch departments contribute 3.0 percent of the first \$7,800 in earnings and 5.0 percent of all earnings thereafter. All other General County employees, along with the employees of the Library System, Drain Commission, County Agency and Community Mental Health Authority, are not required to contribute.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

The funding requirements for the Monroe County Employees Retirement Plan are established and may be amended by the Monroe County Employees Retirement System Board of Trustees.

Annual Pension Cost

For the year ended December 31, 2007, contributions, with the rate of annual covered payroll by class of employee, were made as follows (based on actuarial valuation as of December 31, 2005):

Employer contributions:

General County:		
Central Dispatch	\$ 172,666	18.67%
Sheriff	1,466,237	14.78%
Other	1,895,771	12.17%
Road Commission	789,814	15.01%
County Agency	193,886	12.12%
County Library	185,358	4.77%
Community Mental Health	207,052	3.41%
	<u>\$4,910,784</u>	

Employee contributions:

General County:	
Central Dispatch	\$ 12,947
Sheriff	160,016
Road Commission	163,111
	<u>\$ 336,074</u>

Three-Year Trend Information

<u>Year Ended December 31</u>	<u>Annual Pension Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>
2005	\$2,034,222	100%
2006	3,170,195	100%
2007	4,910,784	100%

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>(Unfunded) AAL Overfunded (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((a-b)/c)</u>
12/31/04	\$162,725,639	\$150,510,011	\$12,215,628	108.1%	\$38,712,508	31.6%
12/31/05	163,151,579	163,641,875	(490,296)	99.7%	41,047,874	(1.2)%
12/31/06	169,283,765	174,001,978	(4,718,213)	97.3%	41,821,305	(11.3)%

Note: Values take into account all System benefits except retiree health care benefits.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Primary Government (including Drain Commission and County Agency)

Plan Description. The Monroe County Retiree Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Retiree Health Care Board (the Board). The Plan was adopted and established by the Monroe County Board of Commissioners. The Plan provides postemployment healthcare and life insurance benefits to eligible retirees of the primary government, Drain Commission and County Agency (collectively referred to as the “County” for purposes of this note), in accordance with the various labor contracts and personnel policies. Eligible retirees are those individuals who meet the requirements to receive retirement benefits pursuant to the Monroe County Employees Retirement System, except for employees hired on or after October 28, 2003, who receive no benefits under the Plan.

The Plan is reported as an other employee benefit trust fund in the accompanying financial statements. The Plan does not issue a separate or stand-alone report.

Basis of Accounting. The Plan’s financial statements are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Plan Membership. Plan membership consisted of the following at December 31, 2006 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	398
Terminated employees entitled to but not yet receiving benefits	-
Active participants	580

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners, subject to applicable labor contracts. Active plan members hired before January 1, 1996 are not required to contribute; those hired between January 1, 1996 and December 31, 1998 are required to contribute 1.5% of their covered payroll to the Plan; and those hired between January 1, 1999 and October 28, 2003 are required to contribute 3.0% of covered payroll. Additionally, plan members receiving healthcare benefits contribute on a sliding scale basis for spouse and dependent coverage, ranging from 0% to 50% of the monthly premium, based on years of service; plan members receiving benefits are not required to contribute towards their own individual coverage. Total contributions from active plan members and from plan members receiving benefits were \$525,231 or 16.1% of total premiums for 2007.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

The County is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 24.2% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation. For 2007, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 6,124,074
Interest on net OPEB obligation	(84,257)
Adjustment to annual required contribution	<u>78,598</u>
Annual OPEB cost (expense)	6,118,415
Contributions made	<u>(5,178,953)</u>
Increase in net OPEB obligation	939,462
Net OPEB obligation (asset), beginning of year	<u>(1,203,666)</u>
Net OPEB obligation (asset), end of year	<u>\$ (264,204)</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006 and 2007 were as follows:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/06	\$4,374,135	\$5,577,801	127.5%	\$(1,203,666)
12/31/07	6,124,074	5,178,953	84.6	(264,204)

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2006, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	<u>\$ 87,109,351</u>
Actuarial value of plan assets	<u>17,080,952</u>
Unfunded actuarial accrued liability (UAAL)	\$ 70,028,399

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Funded ratio	19.6%
Covered payroll (active plan members)	\$ 25,270,126
UAAL as a percentage of covered payroll	277.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/05
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	18 to 26 years depending on division
Asset valuation method	5-year smoothing

Actuarial assumptions:

Investment rate of return	7.0%
Projected salary increases	7.0%
Healthcare inflation rate	12.0% initially; 4.0% ultimately

A stand alone financial report has not been issued for the Monroe County Retiree Health Plan; accordingly, those financials are presented below:

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Statement of Plan Net Assets - December 31, 2007

Assets

Cash and cash equivalents	\$ 587,071
Investments at fair value:	
U.S. treasuries	894,181
U.S. agencies	2,300,402
Corporate bonds	2,824,121
Bond mutual fund	2,717,335
Domestic equities	11,507,958
Money market accounts	390,407
Net assets held in trust for other postemployment benefits	\$ 21,221,475

Statement of Changes in Plan Net Assets Year Ended December 31, 2007

Additions

Investment income:	
Net appreciation in fair value of investments	\$ (86,953)
Interest and dividends	811,216
Total investment gain	724,263
Less: investment management fees	(176,644)
Net gain from investing activities	547,619
Contributions:	
Employer	5,835,111
Employee	275,233
Retiree and other	249,998
Total contributions	6,360,342
Total additions	6,907,961

Deductions

Benefit payments	3,258,724
Refunds of contributions	47,519
Administrative expenses/premiums paid	9,050
Total deductions	3,315,293
Net additions to net assets held in trust	3,592,668

Net assets held in trust for other postemployment benefits

Beginning of year	17,628,807
End of year	\$ 21,221,475

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Road Commission

Plan Description. The Road Commission provides retiree health and life insurance benefits to all full-time employees, in accordance with labor contracts and personnel policy. Currently, 74 retirees and/or surviving spouses are eligible for health and life insurance benefits. Participants are required to contribute 3.1 percent of their compensation to the plan. There are currently 106 active members contributing to the plan. This is a single employer plan administered by the Road Commission. The plan does not issue a separate stand-alone financial statement.

Funding Policy. The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). However, as shown below, the Road Commission has made contributions to advance fund these benefits. Administrative costs of the plan are paid for by the Road Fund.

Funding progress. For the year ended December 31, 2007, the Road Commission has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2006. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The computed contribution and actual funding are summarized as follows:

Annual required contribution/Annual OPEB cost	\$ 1,700,000
Amounts required:	
Payments of current premiums	808,099
Advance funding	100,000
Net OPEB obligation	791,901
OPEB obligation - Beginning of year	-
OPEB obligation - End of year	\$ 791,901

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal year ended December 31, 2007 were as follows:

Annual OPEB costs	\$ 1,700,000
Percentage contributed	53.42%
Net OPEB obligation	\$ 791,901

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

The current funding progress of the plan as of December 31, 2006 is as follows:

Actuarial accrued liabilities (AAL)	\$ 27,438,199
Actuarial value of plan assets	100,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 27,338,199</u>
Funded ratio	0.4%
Covered payroll (active plan members)	\$ 3,780,951
UAAL as a percentage of covered payroll	723%

Actuarial methods and assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the times of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets, and a payroll growth rate of 4.0%. Both rates include a 4.0% inflation assumption. The UAAL is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2005 was 30 years.

Community Mental Health Authority

Plan Description. The Authority provides certain health care benefits to all employees who retire from the Authority. At such time that participants become Medicare eligible, the benefits under the Plan change to Medicare supplemental coverage. Plan provisions are established and may be amended by the Authority Board of Directors, subject to applicable collective bargaining agreements.

Funding Policy. The Authority has established a Retiree Health Care Fund (a fiduciary fund) with the intent of pre-funding postemployment health care benefits. Annual employer contributions to fund the Plan, if any, are currently on a pay-as-you-go basis with the intent of building the fund for purposes of paying future benefits. No employer contributions were made to the Plan for the year ended September 30, 2007; benefits totaling \$345,593 were paid from the Plan during the year. The Authority is not yet required to, and has not yet, adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Library System

Plan Description. The Monroe County Library System contributes to the Retiree Health Care Benefits Plan and Trust which was adopted on December 17, 2001. The Monroe County Library Retiree Health Care Benefits Plan and Trust (Plan and Trust) was established under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999. The assets of the Plan and Trust shall be held in trust for the exclusive purpose of providing healthcare and life insurance benefits to eligible retirees and their beneficiaries who are receiving retirement benefits from the Monroe County Employees Retirement System. The Plan and Trust is a single-employer defined benefit postemployment healthcare plan, which is presented as a fiduciary fund type in the Library System's stand-alone report.

Funding Policy and Annual OPEB Cost. Employees hired before October 21, 2002, are not required to contribute toward the cost of health insurance premiums. Employees hired after October 21, 2002, will earn 5% toward retiree health care premium coverage for each year of full time service with the Library. Also, an inflation cap was put in place for employees hired after October 21, 2002. Any employee hired after October 21, 2002, will be required to pay for health care premium increases in excess of 5% annually of the premium in effect at retirement. The required contribution changes each year as a result of the experience of the Plan and Trust. Contributions are calculated as a percentage of payroll. The Library's contribution rate for 2007 was 22.61%. The Library's contribution to the Plan and Trust for 2007 was \$580,115 to fund retiree health benefits as a result of an actuarial valuation as of December 31, 2005. The contributions were equal to the annual other postemployment benefit cost (100% of the annual required contribution). The Library was returned \$359,378 to pay the 2007 current year costs of the retiree health benefits.

Funded Status and Funding Progress. The funded status of the Plan and Trust as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Overfunded) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/05	\$1,396,975	\$7,795,198	\$6,398,223	17.9%	\$2,217,575	288.5%
12/31/06	1,897,990	9,367,257	7,469,267	20.3	2,407,192	310.3

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

Actuarial Methods and Assumptions. Significant methods and assumptions were as follows:

Valuation date	December 31, 2006
Actuarial cost method	Entry age
Amortization method	Level percent of pay
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Healthcare cost trend rate	10.0% initial, 4.0% ultimate

NOTE K - RISK MANAGEMENT

Monroe County and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance plans for workers' compensation, unemployment, dental care, health care, and disability coverage. Each participating fund of the County makes payments to the respective internal service fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as other employee benefits in the paying fund and charges for services revenue in the receiving fund. The County has established liabilities for incurred but not reported claims (IBNR) in the worker's compensation, health care, dental care, unemployment, and long-term disability funds. Historical data was used as a basis for the development of the IBNR liabilities.

In 2007, there were no significant reductions in insurance coverage from prior year levels by major categories of risk. Also, there have been no settlements that exceeded insurance coverage during each of the past three fiscal years.

Worker's compensation self-insurance plan - The County has a self-insurance program for worker's compensation accounted for in a separate internal service fund. An independent third party administrator processes the daily claims and performs internal control and management duties. Currently, the County self-insures \$550,000 in liability for each occurrence and purchases excess insurance through various reinsurance companies, for up to \$5,000,000 per occurrence. The fund has net assets of \$40,785 at December 31, 2007. The changes in estimated claims liability are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2006	\$112,324	\$264,399	\$115,437	\$261,286
2007	261,286	899,329	203,246	957,369

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

Health care self-insurance plan - The County offers health care options through two health maintenance organizations (HMOs), a preferred provider organization (PPO), or traditional coverage with Blue Cross Blue Shield. A separate internal service fund is used to account for health care self-insurance plan activities. The revenues for this fund's operation are charges to various funds and employee payroll withholdings. The fund has net assets of \$2,039,996 at December 31, 2007. The changes in the estimated claims liability are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2006	\$270,672	\$5,893,836	\$5,641,347	\$523,161
2007	523,161	7,003,948	7,064,959	462,150

Dental care self-insurance plan - The County has a self-insured plan for dental care coverage accounted for in a separate internal service fund. An independent administrator processes the daily claims and performs management duties. Benefits under the program are capped at \$800 per covered person annually. The revenues for this fund's operation are charges to various funds and payroll withholdings. The fund has net assets of \$243,926 at December 31, 2007. The changes in the estimated claims liability are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2006	\$ 42,233	\$396,530	\$399,559	\$ 39,204
2007	39,204	385,257	389,768	34,693

Unemployment self-insurance plan - The County is self-insured for unemployment and uses a separate internal service fund to account for unemployment claims. The revenues for this fund's operation are charges to various funds and payroll withholdings. The changes in the estimated claims liability are as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2006	\$ 10,240	\$ 34,539	\$ 37,316	\$ 7,463
2007	7,463	4,609	11,497	575

Long-term disability plan - The County is self-insured for long term disability liabilities. A separate internal service fund is used to account for long-term disability claims. The revenues for this fund's operation are charges to various funds and payroll withholdings. An independent administrator is hired to process claims and to perform management duties. The changes in the estimated claims liability are as follows:

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2006	\$ 13,054	\$250,502	\$251,654	\$ 11,902
2007	11,092	275,830	278,461	8,461

General liability self-insurance - The County is a voluntary member of the Michigan Municipal Risk Management Authority (MMRMA) established in January 1980, pursuant to laws of the State of Michigan which authorizes local units of government to exercise jointly any power, privilege or authority which each might exercise separately. The MMRMA administers a risk management fund providing Monroe County with loss protection for general and auto liability, and property and crime coverage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$250,000
Property and crime coverage	\$11,000 - \$1,000 deductible and 10% of next \$100,000
Flood and earthquake	\$1,000

The administration of the MMRMA is directed by a 10-member Board of Directors composed of municipal representatives elected by the membership. The Board established the general policy of the MMRMA that creates and publishes rules to be followed by the Executive Director and Board, and is empowered with the authority to impose sanctions or terminate membership. The County's Finance Department has been designated the representative to the MMRMA to be responsible for the execution of all loss control measures, to ensure the payment of all annual, supplementary or other payment requirements, to ensure the filing of all required lawsuits, claims, litigation, and reporting, and to act as a liaison between the County and MMRMA.

The MMRMA provides risk management, underwriting, reinsurance, litigation oversight and claim services with member contributions allocated to meet these obligations. The MMRMA has reserves to pay losses incurred by members that exceed individual retention levels and are not covered under reinsurance agreements. Losses incurred within the established limits are general obligations of the MMRMA.

After Monroe County has paid the self-insured retention portion, the MMRMA and its reinsurers are responsible for paying losses, including damages, loss adjustment expense and defense costs, with the limits at \$15,000,000 per occurrence for liability coverage. For property losses, the MMRMA insures Monroe County property at replacement value for any property rebuilt or repaired. If not replaced, the property is adjusted at actual cash value. If for any reason the Authority's resources available to pay losses are depleted, the payment of all unpaid losses of Monroe County is the sole obligation of Monroe County.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2007 the Authority had met the minimum requirements.

Monroe County uses a separate internal service fund to account for the activities of the retention fund held by MMRMA. At December 31, 2007, the fund has net assets of \$349,267.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	End of Year <u>Liability</u>
2006	\$293,841	\$16,790	\$98,176	\$212,455
2007	212,455	724,687	644,158	292,984

Road Commission Component Unit

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefits claims and participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, errors and omissions, and physical damage (equipment, building and contents). The Road Commission uses the Accident Fund of Michigan for workers' compensation insurance. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The county road commissions in the State of Michigan established a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (the "Pool") pursuant to the provisions of Act 138 of the Michigan Public Acts of 1982. The Pool provides for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities within the State.

The Pool program operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE L - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the state and federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County' counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

COUNTY OF MONROE

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2007

NOTE M - PROPERTY TAXES

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also requires that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation. For the year ended December 31, 2007, the County recognized the July 1, 2007 tax levy.

The assessed value of real and personal property is established by the local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Property taxes are levied based on the *taxable value* of the property (as defined under Proposal A). Taxable value is determined by using such factors as equalized value, assessed value, and capped value, along with a value change multiplier.

The taxable value of real and personal property for the July 1, 2007 levy was \$6.22 billion. The general operating tax rate for this levy was at the maximum rate of 4.7952 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.5 mills for senior citizen services.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

The Monroe County Library System was authorized by a special election to levy 1.0 mills. The Library's 2007 property taxes were levied on December 1, 2006 on assessed valuations as of December 31, 2005. The taxable value for real and personal property for the year amounted to \$5.8 billion based on a percentage of the property's fair market value. Taxes levied December 1, 2007, totaling \$6,218,440 were recorded as taxes receivable and deferred revenue. At December 31, 2007, taxes receivable were \$6,218,440.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF MONROE
Employees' Retirement System
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded (Overfunded) AAL (UAAL)	Covered Payroll	UAAL as a Percentage of of Covered Payroll
12/31/96	\$ 93,061,504	\$ 78,450,435	118.6%	\$ (14,611,069)	\$ 26,643,235	-54.8%
12/31/97	105,788,939	87,098,801	121.5%	(18,690,138)	28,814,126	-64.9%
12/31/98	117,699,465	91,136,434	129.1%	(26,563,031)	29,309,641	-90.6%
12/31/99	132,836,297	97,650,685	136.0%	(35,185,612)	31,064,894	-113.3%
12/31/00	143,765,352	105,824,598	135.9%	(37,940,754)	32,749,688	-115.9%
12/31/01	150,304,504	116,359,159	129.2%	(33,945,345)	35,250,392	-96.3%
12/31/02	148,404,995	125,652,447	118.1%	(22,752,548)	35,895,185	-63.4%
12/31/03	162,683,115	139,141,015	116.9%	(23,542,100)	37,862,618	-62.2%
12/31/04	162,725,639	150,510,011	108.1%	(12,215,628)	38,712,508	-31.6%
12/31/05	163,151,579	163,641,875	99.7%	490,296	41,047,874	1.2%
12/31/06	169,283,765	174,001,978	97.3%	4,718,213	41,821,305	11.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Percentage Contributed
12/31/97	\$ 1,619,271	100.00%
12/31/98	1,110,338	100.00%
12/31/99	579,687	100.00%
12/31/00	197,395	100.00%
12/31/01	133,907	100.00%
12/31/02	41,744	100.00%
12/31/03	191,979	100.00%
12/31/04	1,411,037	100.00%
12/31/05	2,034,222	100.00%
12/31/06	3,170,195	100.00%
12/31/07	4,910,784	100.00%

COUNTY OF MONROE
Retiree Health Plan
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of of Covered Payroll
12/31/05	\$ 12,404,997	\$ 80,736,245	15.4%	\$ 68,331,248	\$ 25,441,192	268.6%
12/31/06	17,080,952	87,109,351	19.6%	70,028,399	25,270,126	277.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed	Net OPEB Obligation (asset)
12/31/06	\$ 4,374,135	\$ 5,577,801	127.52%	\$ (1,203,666)
12/31/07	6,124,074	5,178,953	84.57%	(264,204)

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

General Fund

The ***General Fund*** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Health Special Revenue Fund

The ***County Health Special Revenue Fund*** is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of Monroe County.

Revenue Sharing Special Revenue Fund

The ***Revenue Sharing Special Revenue Fund*** was permitted by Public Act 357 of 2004 which provides a funding mechanism to serve as a substitute to county revenue sharing payments. This substitute funding mechanism involves a gradual shift of county property tax millage from a winter tax levy to a summer tax levy and, additionally, required the establishment of a restricted fund.

Senior Citizen Special Revenue Fund

The ***Senior Citizen Special Revenue Fund*** controls the special tax levy and general fund appropriation for services and special programs for seniors.

Federal Prisoner Housing Fund

The ***Federal Prisoner Housing Fund*** is used to account for the activity of the second jail facility.

Capital Projects Fund

The ***Capital Projects Funds*** are used to account for the accumulation of resources for, and the payment of costs, for activity related to the acquisition and improvement of county property.

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original	Final		Actual over
	Budget	Budget	Actual	(under) Final
				Budget
Taxes				
Current property taxes	\$ 30,921,235	\$ 30,921,235	\$ 29,689,633	\$ (1,231,602)
Delinquent personal property taxes	45,000	45,000	53,989	8,989
Industrial facilities tax	813,471	813,471	981,321	167,850
Trailer tax	38,000	38,000	35,693	(2,307)
Payments in lieu of taxes	18,000	18,000	45,943	27,943
Total taxes	31,835,706	31,835,706	30,806,579	(1,029,127)
Licenses and permits				
Pistol permits	15,000	15,000	9,868	(5,132)
Other	177,125	177,125	153,089	(24,036)
Total licenses and permits	192,125	192,125	162,957	(29,168)
Intergovernmental				
Emergency management division grant	27,492	27,492	26,091	(1,401)
Civil preparedness grant	51,151	51,151	-	(51,151)
SHSP state homeland security grant	119,637	119,637	277,324	157,687
LETPP - law enforcement	112,086	112,086	124,499	12,413
UASI homeland security grant	228,451	266,451	100,769	(165,682)
COPS MORE grant	-	60,892	54,888	(6,004)
COPS grant	-	43,824	-	(43,824)
Saturate Monroe County grant	62,000	62,000	62,758	758
Traffic Enforcement AL-06-07	10,000	10,463	10,865	402
Bullet proof vest program	-	15,042	4,357	(10,685)
Justice department 2005-DJ-BX	-	-	818	818
Welfare grant	6,000	6,000	675	(5,325)
Family Court - Juvenile accountability grant	12,207	12,207	-	(12,207)
BRC implementation grant	100,000	100,000	57,018	(42,982)
MEDC grant - FSEP	-	53,795	49,000	(4,795)
CDBG grant - 2005-EDC-MBT	400,000	400,000	13,825	(386,175)
Intersection enforcement	17,999	17,999	11,822	(6,177)
Probate court judges salaries	285,000	285,000	295,953	10,953
Circuit court judges salaries	185,000	185,000	137,172	(47,828)
District court judges salaries	140,000	140,000	137,172	(2,828)
Crime victim/witness grant	111,900	111,900	110,600	(1,300)
Assistant prosecutor	51,678	51,678	27,742	(23,936)
Family court - juvenile officer	78,300	78,300	78,389	89
District court caseload assistance	28,000	28,000	43,769	15,769
District court drug caseload assistance	2,250	2,250	2,017	(233)
Circuit court drug caseload assistance	500	500	9,156	8,656

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Intergovernmental (concluded)				
State court equity fund	\$ 890,000	\$ 890,000	\$ 867,882	\$ (22,118)
Remonumentation	112,082	112,082	112,082	-
Marine safety (State)	22,158	20,624	14,930	(5,694)
Other state grants	10,000	10,000	40,755	30,755
IDEP grant	35,000	60,000	62,005	2,005
Secondary road patrol	359,559	359,559	256,470	(103,089)
Justice training program	78,704	146,890	67,119	(79,771)
Community services grant	606,600	606,600	461,843	(144,757)
Community corrections grant	-	-	141,810	141,810
Cigarette tax	29,182	29,182	20,716	(8,466)
Liquor licenses	13,000	13,000	13,688	688
Total intergovernmental	4,185,936	4,489,603	3,695,979	(793,625)
Contributions from local units	2,056,418	2,167,048	2,192,770	25,722
Charges for services				
Attorney fee reimbursement	265,000	265,000	223,313	(41,687)
Circuit court costs	150,000	150,000	179,307	29,307
District court costs	1,735,000	1,735,000	1,648,337	(86,663)
District court services	638,000	638,000	777,909	139,909
Probate court services	70,900	70,900	58,188	(12,712)
Family court services	17,450	17,450	13,296	(4,154)
District court - day reporting fees	90,000	90,000	82,527	(7,473)
Treasurer services	6,210	6,210	12,059	5,849
Clerk services	209,400	209,400	215,501	6,101
Register of deeds services	1,375,000	1,417,000	1,017,365	(399,635)
Equalization services	62,950	62,950	40,216	(22,734)
Elections	30,000	30,000	45,631	15,631
Planning department services	11,500	11,500	12,127	627
Sheriff services	169,000	169,000	248,177	79,177
Sheriff contract special services	37,809	37,809	33,558	(4,251)
Jail	567,000	567,000	541,935	(25,065)
Animal Control	23,000	23,000	22,136	(864)
Medical examiner fees	8,000	10,000	10,245	245
Parks and recreation	7,000	8,500	7,722	(778)
Historical commission	3,500	3,500	5,435	1,935
County extension services	2,000	2,000	1,440	(560)
Fees and permits - soil erosion	186,025	186,025	109,275	(76,750)
Total charges for services	5,664,744	5,710,244	5,305,699	(404,545)

**EXHIBIT I-1
CONCLUDED**

**COUNTY OF MONROE, MICHIGAN
Schedule of Revenues and Other Sources - by Source
Budget and Actual
General Fund
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Fines and forfeits				
Ordinance fines and costs	\$ 553,000	\$ 553,000	\$ 446,878	\$ (106,122)
Bond forfeitures	65,000	65,000	75,332	10,332
Forfeitures - other	10,000	10,000	6,755	(3,245)
Total fines and forfeitures	628,000	628,000	528,965	(99,035)
Interest and rents				
Interest on deposits	1,715,000	1,715,000	1,439,214	(275,786)
Rental income	267,935	267,935	220,720	(47,215)
Total interest and rents	1,982,935	1,982,935	1,659,934	(323,001)
Other revenues				
Contributions from private sources	74,800	75,300	75,311	11
Finance department revenue	57,000	59,000	63,219	4,219
General reimbursements	357,995	381,939	257,588	(124,351)
Gain on sale of capital assets	2,822	4,360	5,186	826
Rebates - food services	11,500	11,500	8,350	(3,150)
Retirement board reimbursements	73,764	73,764	66,053	(7,711)
Indirect costs reimbursements	1,202,828	1,222,828	1,279,492	56,664
Other	17,504	17,504	22,753	5,249
Total other revenues	1,798,213	1,846,195	1,777,952	(68,243)
Other financing sources				
Transfers in	3,921,733	4,026,892	4,011,835	(15,057)
Total revenues and other financing sources	\$ 52,265,810	\$ 52,878,748	\$ 50,142,670	\$ (2,736,079)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government				
Board of Commissioners				
Salaries and wages	\$ 182,188	\$ 182,188	\$ 186,693	\$ 4,505
Employee benefits	112,427	112,427	98,787	(13,640)
Services and supplies	77,152	77,152	71,727	(5,425)
	<u>371,767</u>	<u>371,767</u>	<u>357,207</u>	<u>(14,560)</u>
Circuit Court				
Salaries and wages	287,242	287,242	292,710	5,468
Employee benefits	142,326	148,926	149,787	861
Services and supplies	452,652	497,652	491,268	(6,384)
	<u>882,220</u>	<u>933,820</u>	<u>933,765</u>	<u>(55)</u>
District Court				
Salaries and wages	1,377,451	1,366,951	1,357,412	(9,539)
Employee benefits	982,860	982,860	961,970	(20,890)
Services and supplies	453,934	444,014	440,571	(3,443)
	<u>2,814,245</u>	<u>2,793,825</u>	<u>2,759,953</u>	<u>(33,872)</u>
District Court Probation				
Salaries and wages	370,811	397,443	390,412	(7,031)
Employee benefits	285,811	287,511	279,964	(7,547)
Services and supplies	27,774	27,444	25,801	(1,643)
	<u>684,396</u>	<u>712,398</u>	<u>696,177</u>	<u>(16,221)</u>
District Court Probation - Day Reporting				
Salaries and wages	45,578	45,578	46,303	725
Employee benefits	38,446	38,446	34,338	(4,108)
Services and supplies	3,463	3,463	2,292	(1,171)
	<u>87,487</u>	<u>87,487</u>	<u>82,933</u>	<u>(4,554)</u>
Probate Court				
Salaries and wages	374,080	388,138	366,532	(21,606)
Employee benefits	202,094	202,094	194,473	(7,621)
Services and supplies	109,249	109,249	106,148	(3,101)
	<u>685,423</u>	<u>699,481</u>	<u>667,153</u>	<u>(32,328)</u>

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
BRC Implementation Project				
Services and supplies	\$ 100,000	\$ 100,000	\$ 57,018	\$ (42,982)
County Guardian				
Services and supplies	54,000	54,000	51,900	(2,100)
Adult Probation				
Services and supplies	21,725	21,725	15,238	(6,487)
Family Court				
Salaries and wages	749,938	749,938	737,645	(12,293)
Employee benefits	436,791	436,791	412,715	(24,076)
Services and supplies	342,273	341,773	319,821	(21,952)
	1,529,002	1,528,502	1,470,181	(58,321)
Family Court - Probation Officer				
Salaries and wages	319,950	326,950	336,023	9,073
Employee benefits	229,486	229,386	219,868	(9,518)
Services and supplies	21,476	22,076	22,041	(35)
	570,912	578,412	577,932	(480)
District Court Pretrial Services				
Salaries and wages	103,121	103,121	102,357	(764)
Employee benefits	61,173	50,785	51,771	986
Services and supplies	5,669	5,919	5,266	(653)
	169,963	159,825	159,394	(431)
Jail Alternative Work Services				
Salaries and wages	32,170	32,170	30,898	(1,272)
Employee benefits	13,149	28,537	20,635	(7,902)
Services and supplies	2,813	2,813	2,600	(213)
	48,132	63,520	54,133	(9,387)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
Administrator				
Salaries and wages	\$ 115,991	\$ 115,991	\$ 118,670	\$ 2,679
Employee benefits	59,729	59,729	58,348	(1,381)
Services and supplies	10,710	10,710	7,638	(3,072)
	186,430	186,430	184,656	(1,774)
Elections				
Services and supplies	31,450	87,550	50,678	(36,872)
Finance Department				
Salaries and wages	241,485	211,267	215,820	4,553
Employee benefits	151,579	113,057	104,466	(8,591)
Services and supplies	73,049	97,599	75,596	(22,003)
	466,113	421,923	395,882	(26,041)
Clerk				
Salaries and wages	634,900	634,900	609,134	(25,766)
Employee benefits	451,505	451,505	390,394	(61,111)
Services and supplies	109,190	109,090	89,162	(19,928)
	1,195,595	1,195,495	1,088,690	(106,805)
Equalization				
Salaries and wages	278,278	278,278	257,388	(20,890)
Employee benefits	187,351	187,351	164,541	(22,810)
Services and supplies	32,533	32,533	29,810	(2,723)
	498,162	498,162	451,739	(46,423)
Register of Deeds				
Salaries and wages	126,048	126,048	134,251	8,203
Employee benefits	93,642	93,642	88,161	(5,481)
Services and supplies	32,986	74,986	19,414	(55,572)
	252,676	294,676	241,826	(52,850)
Human Resources				
Salaries and wages	114,135	116,321	111,335	(4,986)
Employee benefits	54,142	54,142	48,035	(6,107)
Services and supplies	27,508	36,968	36,196	(772)
	195,785	207,431	195,566	(11,865)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
Prosecuting Attorney				
Salaries and wages	\$ 1,018,206	\$ 1,000,081	\$ 982,622	\$ (17,459)
Employee benefits	628,482	626,907	584,069	(42,838)
Services and supplies	120,652	119,352	120,033	681
	1,767,340	1,746,340	1,686,724	(59,616)
Crime Victims Services				
Salaries and wages	71,410	71,410	70,811	(599)
Employee benefits	62,843	62,843	52,841	(10,002)
Services and supplies	8,135	8,135	8,135	-
	142,388	142,388	131,787	(10,601)
Drug Prosecution Grant				
Salaries and wages	75,205	75,205	75,430	225
Employee benefits	32,565	33,565	32,892	(673)
Services and supplies	2,679	2,679	2,679	-
	110,449	111,449	111,001	(448)
Retirement Board				
Salaries and wages	40,405	40,405	40,751	346
Employee benefits	34,449	34,449	21,972	(12,477)
Services and supplies	1,671	1,671	1,629	(42)
	76,525	76,525	64,352	(12,173)
Remonumentation				
Salaries and wages	6,900	5,005	6,594	1,589
Employee benefits	-	-	520	520
Services and supplies	107,245	109,140	108,680	(460)
	114,145	114,145	115,794	1,649
Treasurer				
Salaries and wages	250,993	250,993	256,278	5,285
Employee benefits	167,909	167,909	145,990	(21,919)
Services and supplies	53,058	53,058	43,793	(9,265)
	471,960	471,960	446,061	(25,899)
Cooperative Extension Services				
Salaries and wages	205,809	205,809	193,803	(12,006)
Employee benefits	130,015	130,015	134,959	4,944
Services and supplies	105,524	105,524	101,612	(3,912)
	441,348	441,348	430,374	(10,974)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
Information Services				
Salaries and wages	\$ 371,374	\$ 371,374	\$ 381,522	\$ 10,148
Employee benefits	225,691	225,691	215,645	(10,046)
Services and supplies	85,736	85,736	75,066	(10,670)
	682,801	682,801	672,233	(10,568)
Purchasing and Property Maintenance				
Salaries and wages	539,913	509,677	520,736	11,059
Employee benefits	397,698	355,698	342,734	(12,964)
Services and supplies	507,173	539,381	532,033	(7,348)
	1,444,784	1,404,756	1,395,503	(9,253)
I.C.E. Operations				
Services and supplies	60,600	60,600	20,318	(40,282)
Courthouse Security				
Services and supplies	95,000	95,000	92,809	(2,191)
Drain Commission				
Salaries and wages	213,965	220,080	224,095	4,016
Employee benefits	106,293	106,818	101,577	(5,241)
Services and supplies	74,122	77,367	74,192	(3,175)
	394,380	404,264	399,864	(4,400)
IDEP Grant Program				
Salaries and wages	26,398	46,398	41,962	(4,436)
Employee benefits	2,665	2,665	4,161	1,496
Services and supplies	5,911	10,911	9,696	(1,215)
	34,974	59,974	55,819	(4,155)
Parks Maintenance				
Salaries and wages	112,776	116,276	115,850	(426)
Employee benefits	78,325	78,325	79,158	833
Services and supplies	68,237	69,961	72,162	2,201
	259,338	264,562	267,170	2,608
Soil Erosion				
Salaries and wages	64,350	59,350	59,585	235
Employee benefits	31,502	31,502	31,225	(277)
Services and supplies	15,477	19,277	18,294	(983)
	111,329	110,129	109,104	(1,025)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
General Government (continued)				
General County Expense				
Services and supplies	\$ 410,400	\$ 412,338	\$ 410,939	\$ (1,399)
Building Authority				
Services and supplies	385	385	168	(217)
Total General Government	17,463,629	17,595,393	16,902,041	(693,352)
Public Safety				
Sheriff - Administrator and Road Patrol				
Salaries and wages	633,264	605,950	574,481	(31,469)
Employee benefits	396,587	381,587	371,958	(9,629)
Services and supplies	615,836	689,794	653,752	(36,042)
	1,645,687	1,677,331	1,600,191	(77,140)
Detectives Bureau				
Salaries and wages	403,822	403,822	430,644	26,822
Employee benefits	299,274	299,274	297,582	(1,692)
Services and supplies	14,526	14,526	14,526	-
	717,622	717,622	742,752	25,130
O.M.N.I. Services				
Salaries and wages	168,652	168,652	164,669	(3,983)
Employee benefits	114,105	114,105	109,364	(4,741)
Services and supplies	8,239	8,239	8,239	-
	290,996	290,996	282,272	(8,724)
Road Patrol				
Salaries and wages	2,582,866	2,582,866	2,925,379	342,513
Employee benefits	1,883,172	1,883,172	1,855,655	(27,517)
Services and supplies	94,656	95,656	94,656	(1,000)
	4,560,694	4,561,694	4,875,690	313,996
Sheriff Records				
Salaries and wages	232,196	250,638	254,794	4,156
Employee benefits	200,495	200,495	204,414	3,919
Services and supplies	8,451	8,451	8,451	-
	441,142	459,584	467,659	8,075

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Youth Services				
Salaries and wages	\$ 285,805	\$ 285,805	\$ 236,493	\$ (49,312)
Employee benefits	213,097	213,097	165,705	(47,392)
Services and supplies	9,642	9,642	16,466	6,824
	508,544	508,544	418,664	(89,880)
Contractual-Local Units				
Salaries and wages	958,495	958,495	1,061,130	102,635
Employee benefits	683,373	683,373	725,586	42,213
Services and supplies	47,130	47,130	43,459	(3,671)
	1,688,998	1,688,998	1,830,175	141,177
Contractual-Schools				
Salaries and wages	398,957	398,957	388,591	(10,366)
Employee benefits	314,777	314,777	298,175	(16,602)
Services and supplies	15,495	15,495	14,495	(1,000)
	729,229	729,229	701,261	(27,968)
COPS MORE				
Services and supplies	-	121,784	109,775	(12,009)
Justice Department Grant 2005 - DJ - BX0007				
Salaries and wages	-	-	546	546
Employee benefits	-	-	272	272
	-	-	818	818
Drug Enforcement				
Salaries and wages	41,286	41,286	70,829	29,543
Employee benefits	-	37,529	53,951	16,422
Services and supplies	1,437	1,437	1,437	-
	42,723	80,252	126,217	45,965

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Secondary Road Patrol				
Salaries and wages	\$ 285,212	\$ 234,929	\$ 248,963	\$ 14,034
Employee benefits	218,561	178,883	186,899	8,016
Services and supplies	61,140	61,040	52,504	(8,536)
	564,913	474,852	488,366	13,514
Special Contractual				
Salaries and wages	25,000	25,000	21,269	(3,731)
Employee benefits	11,946	11,946	10,534	(1,412)
Services and supplies	863	863	863	-
	37,809	37,809	32,666	(5,143)
Bullet Proof Vest Program				
Services and supplies	-	15,042	4,357	(10,685)
SHARE Grant				
Services and supplies	-	1,739	1,739	-
	-	1,739	1,739	-
Enforcement-PT-06-07				
Salaries and wages	38,356	40,556	40,664	108
Employee benefits	18,327	19,359	19,780	421
Services and supplies	5,747	2,313	2,313	-
	62,430	62,229	62,757	529
Justice Training				
Services and supplies	78,704	146,890	67,119	(79,771)
Intersection Enforcement				
Salaries and wages	6,604	6,604	7,295	691
Employee benefits	3,333	3,333	3,630	297
Services and supplies	8,062	8,062	898	(7,164)
	17,999	17,999	11,823	(6,176)
Traffic Enforcement-AL-06-07				
Salaries and wages	6,227	6,227	6,502	275
Employee benefits	2,975	2,868	3,159	291
Services and supplies	1,363	1,933	1,204	(729)
	10,565	11,028	10,865	(163)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Marine Safety				
Salaries and wages	\$ 11,565	\$ 13,050	\$ 11,383	\$ (1,667)
Employee benefits	5,273	6,494	2,446	(4,048)
Services and supplies	5,396	7,955	6,299	(1,656)
	22,234	27,499	20,128	(7,371)
Corrections - Jail				
Salaries and wages	2,187,091	2,285,553	2,223,141	(62,412)
Employee benefits	1,642,828	1,642,828	1,653,597	10,769
Services and supplies	1,347,895	1,405,038	1,214,056	(190,982)
	5,177,814	5,333,419	5,090,794	(242,625)
Corrections - Medical Services				
Salaries and wages	61,810	61,810	54,735	(7,075)
Employee benefits	46,871	46,871	36,783	(10,088)
Services and supplies	167,119	127,119	70,059	(57,060)
	275,800	235,800	161,577	(74,223)
Community Work Services Program				
Salaries and wages	45,589	45,589	37,913	(7,676)
Employee benefits	24,286	24,286	20,509	(3,777)
Services and supplies	605,598	605,598	460,668	(144,930)
	675,473	675,473	519,090	(156,383)
Emergency Management				
Salaries and wages	138,248	138,248	140,851	2,603
Employee benefits	89,977	94,077	87,632	(6,445)
Services and supplies	60,658	66,258	69,967	3,709
	288,883	298,583	298,450	(133)
UASI homeland security grant				
Salaries and wages	102,473	102,473	49,619	(52,854)
Employee benefits	70,551	70,551	22,366	(48,185)
Services and supplies	55,427	93,427	28,784	(64,643)
	173,024	173,024	100,769	(101,039)
SHSP - State Homeland Security				
Salaries and wages	30,334	560	560	-
Employee benefits	22,539	1,313	1,313	-
	52,873	1,874	1,873	-

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Public Safety (continued)				
Animal Control				
Salaries and wages	\$ 180,307	\$ 180,307	\$ 184,001	\$ 3,694
Employee benefits	116,301	116,301	105,526	(10,775)
Services and supplies	124,384	125,384	106,977	(18,407)
	420,992	421,992	396,504	(25,488)
COPS in Schools-BPS and SPS				
Salaries and wages	102,538	102,538	108,228	5,690
Employee benefits	71,850	71,850	77,232	5,382
Services and supplies	3,512	3,512	3,512	-
	177,900	177,900	188,972	11,072
Total Public Safety	18,448,738	18,695,607	18,613,323	(82,284)
Public Works				
Drains at Large				
Services and supplies	29,305	29,305	29,304	(1)
Ditch Maintenance				
Services and supplies	45,000	45,000	45,000	-
Total Public Works	74,305	74,305	74,304	(1)
Health and Welfare				
Medical Examiner				
Salaries and wages	35,470	40,970	40,072	(898)
Employee benefits	7,158	7,158	9,642	2,484
Services and supplies	104,781	136,781	135,161	(1,620)
	147,409	184,909	184,875	(34)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Health and Welfare (continued)				
Commission on Aging				
Salaries and wages	\$ 75,684	\$ 113,112	\$ 103,370	\$ (9,742)
Employee benefits	44,133	77,615	76,321	(1,294)
Services and supplies	50,204	74,453	69,834	(4,619)
	170,021	265,180	249,525	(15,655)
Veterans' Burial				
Services and supplies	25,000	25,000	24,868	(132)
Veterans' Bureau				
Salaries and wages	42,690	42,690	42,544	(146)
Employee benefits	30,205	30,205	26,988	(3,217)
Services and supplies	9,315	9,315	9,046	(269)
	82,210	82,210	78,578	(3,632)
Soldier's and Sailors Relief				
Services and supplies	3,775	3,775	3,641	(134)
River Raisin Watershed				
Services and supplies	7,662	7,662	7,662	-
Soil Conservation District				
Services and supplies	34,000	34,000	34,000	-
Area Wide Water Quality Board				
Services and supplies	7,000	7,054	7,054	-
Industrial Development Corporation				
Services and supplies	60,000	60,000	60,000	-
Monroe County Opportunity Program				
Services and supplies	32,000	32,000	32,000	-
Head Start				
Services and supplies	30,000	30,000	30,000	-
Mental Health Facility				
Services and supplies	997,803	997,803	997,803	-
Total Health and Welfare	1,596,880	1,729,593	1,710,006	(19,587)

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Community and Economic Development				
Economic Development - Dundee				
Services and supplies	\$ 90,000	\$ 105,800	\$ 105,772	\$ (28)
Planning				
Salaries and wages	304,071	306,813	313,529	6,716
Employee benefits	190,415	194,997	197,249	2,252
Services and supplies	66,115	66,317	56,868	(9,449)
	560,601	568,127	567,646	(481)
Plat Board				
Services and supplies	1,200	1,200	350	(850)
State Boundary Commission				
Services and supplies	300	300	-	(300)
Economic Development				
Services and supplies	34,000	34,000	30,030	(3,970)
MDEC - Food System Economic Partnership				
Services and supplies	-	68,795	64,000	(4,795)
CDBG grant - 2005-EDC-MBT				
Services and supplies	400,000	400,000	13,825	(386,175)
Total Community and Economic Development	1,086,101	1,178,222	781,623	(396,599)
Recreation and Cultural				
Historical Commission				
Salaries and wages	212,316	224,816	228,263	3,447
Employee benefits	92,951	82,451	87,734	5,283
Services and supplies	74,533	74,533	65,476	(9,057)
	379,800	381,800	381,473	(327)
Community Center				
Services and supplies	34,000	34,000	34,000	-
S.E. Michigan Council of Governments				
Services and supplies	62,000	62,000	58,713	(3,287)
Monroe County Fair Association				
Services and supplies	-	15,000	10,518	(4,482)
Toledo Met Area Council of Governments				
Services and supplies	9,000	9,357	9,357	-

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures and Other Uses - by Activity
Budget and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Recreation and Cultural (continued)				
Fine Arts Council				
Services and supplies	\$ 500	\$ 500	\$ -	\$ (500)
Michigan Week				
Services and supplies	500	500	500	-
Total Recreation and Cultural	485,800	503,157	494,561	(8,596)
Other Expenditures				
Insurance, Bonds and Fringes				
Services and supplies	70,000	80,000	77,477	(2,523)
Contingencies				
Services and supplies	1,237,430	108,328	535	(107,793)
Total Other Expenditures	1,307,430	188,328	78,012	(110,316)
Capital Outlay	560,740	647,500	538,183	(109,317)
Total Expenditures	41,023,623	40,612,105	39,192,053	(1,420,052)
Other Uses - Transfers out				
Health Department	1,452,955	1,420,955	1,245,000	(175,955)
Ambulance Authority	5,000	5,000	5,000	-
Friend of the Court	487,312	727,312	727,312	-
Computer Capital Outlay	500,000	840,000	840,000	-
New Jail	2,010,394	2,209,557	2,209,557	(0)
Central Dispatch	1,303,353	1,303,353	1,303,353	-
Social Services	40,000	41,705	41,705	-
Social Services Infirmary	611,985	614,065	614,065	-
Child Care	2,650,672	2,654,772	2,654,772	-
Radio Equipment	723,000	723,000	723,000	-
Building Authority Debt	200,000	200,000	-	(200,000)
911/Emergency Operations Center Construction	100,000	100,000	100,000	-
Parks Construction	30,000	30,000	30,000	-
Capital Improvement	610,000	715,000	715,000	-
Tech Levy	25,000	25,000	25,000	-
Self-help Road	185,250	185,250	185,250	-
Imaging	-	60,000	60,000	-
Total Other Uses - Transfers Out	10,934,921	11,854,969	11,479,014	(375,955)
Total Expenditures and Transfers Out	\$ 51,958,544	\$ 52,467,075	\$ 50,671,067	\$ (1,796,008)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Health Special Revenue Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual over (under) Final Budget
Revenues				
Licenses and permits	\$ 390,000	\$ 390,000	\$ 380,970	\$ (9,030)
Intergovernmental revenue	2,562,956	3,160,314	3,099,356	(60,958)
Charges for services	1,027,250	1,059,047	1,230,338	171,291
Other revenue	170,937	211,157	187,065	(24,092)
Total revenues	4,151,143	4,820,518	4,897,729	77,211
Expenditures				
Current				
Health and welfare				
Salaries and wages	1,953,301	2,036,975	1,939,072	(97,903)
Employee benefits	1,201,541	1,214,348	1,071,619	(142,729)
Services and supplies	2,955,940	3,702,931	3,382,849	(320,082)
Capital outlay	-	25,000	24,600	(400)
Total expenditures	6,110,782	6,979,254	6,418,140	(561,114)
Revenues over (under) expenditures	(1,959,639)	(2,158,736)	(1,520,411)	638,325
Other financing sources (uses)				
Transfers in	1,452,955	1,452,955	1,245,000	(207,955)
Net change in fund balance	(506,684)	(705,781)	(275,411)	430,370
Fund balance, beginning of year	1,989,085	1,989,085	1,989,085	-
Fund balance, end of year	\$ 1,482,401	\$ 1,283,304	\$ 1,713,674	\$ 430,370

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Federal Prisoner Housing Special Revenue Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental revenues	\$ 1,572,480	\$ 1,572,480	\$ 1,582,492	\$ 10,012
Charges for services	280,000	280,000	257,235	(22,765)
Interest and rents	-	-	2,162	2,162
Other revenues	3,500	10,230	9,483	(747)
Total revenues	1,855,980	1,862,710	1,851,372	(11,338)
Expenditures				
Current:				
Public Safety				
Salaries and wages	1,706,252	1,725,402	1,772,475	47,073
Employee benefits	1,398,317	1,319,167	1,425,671	106,504
Services and supplies	761,805	868,535	862,784	(5,751)
Total expenditures	3,866,374	3,913,104	4,060,930	147,826
Revenues over (under) expenditures	(2,010,394)	(2,050,394)	(2,209,558)	(159,164)
Other financing sources (uses)				
Transfers in	2,010,394	2,050,394	2,209,557	159,163
Net changes in fund balances	-	-	(1)	(1)
Fund balances, beginning of year	2,477	2,477	2,477	-
Fund balances, end of year	\$ 2,477	\$ 2,477	\$ 2,476	\$ (1)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Friend of the Court Fund	<ul style="list-style-type: none">• Accounts for the County revenue that is reserved for the operation of this division of the Circuit Court.
Self-Help Road Fund	<ul style="list-style-type: none">• Records the activity involving appropriations from other funds and construction costs for this road program.
Restricted Fund	<ul style="list-style-type: none">• Established to control tax monies received for the payment of lease requirements to the Building Authority for the Adult Detention Center and Law Enforcement Building.
Budget Stabilization Fund	<ul style="list-style-type: none">• Established by resolution as provided in Act 30 of the Public Acts of 1978 to account for monies set aside for this purpose.
Central Dispatch Authority Fund	<ul style="list-style-type: none">• Accounts for the activity of the public safety answering point for all of Monroe County, including villages, townships and cities participating in the Emergency Telephone District of the 9-1-1 Service Plan.
Marriage Counseling Fund	<ul style="list-style-type: none">• Established under Act 4 of the Public Acts of 1980 for fees allocated to be used for family counseling services.
Prosecutor Drug Forfeiture Fund	<ul style="list-style-type: none">• Established to account for monies received by the prosecutor's office for drug forfeiture cases.
Special Investigation Drug Enforcement Fund	<ul style="list-style-type: none">• Accounts for monies received by the Sheriff's Department after cases have been prosecuted and forfeiture monies are available for distribution and use within the Department for Drug Enforcement activities.
Federally Forfeited Property Fund	<ul style="list-style-type: none">• Accounts for monies received by the Sheriff's Department after cases have been prosecuted and forfeiture monies are available for distribution and use within the Department for Local Law Enforcement activities.
OMNI Drug Forfeiture Fund	<ul style="list-style-type: none">• Accounts for monies received by the Office of Monroe Narcotics Investigation (OMNI) which is a multi-jurisdictional task force combining the efforts of the Michigan State Police, Monroe County Sheriff's Office and the Monroe Police Department.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Forfeited Property Non-Drug Fund	<ul style="list-style-type: none">Accounts for monies received by the Sheriff's Department after cases have been prosecuted and forfeiture monies are available for distribution and use within the Department for Local Law Enforcement activities.
Job Training and Placement Fund	<ul style="list-style-type: none">Accounts for costs involved with the training and placement of qualified county residents.
Workforce Investment Fund	<ul style="list-style-type: none">Accounts for costs related to the Adult Program, for adults who are economically disadvantaged, and the Dislocated Workers Program, for certain laid-off individuals.
Sheriff Training Fund	<ul style="list-style-type: none">Utilizes State funds to provide corrective and protective service officers with training seminars to update and enhance the officers' knowledge of criminal activities.
Social Services Fairview Infirmary Fund	<ul style="list-style-type: none">Functions under the directions of the County Board and State Family Independence Agency to provide general relief for indigent persons and medical care for eligible persons who are unable to provide it for themselves.
Probate Court Youth Center Fund	<ul style="list-style-type: none">Accounts for the revenue reserved for this division of the Probate Court and is used for the care of all juveniles under the jurisdiction of the Court.
Other Special Revenue Funds	<ul style="list-style-type: none">These funds account for specific grants requiring separate accounting as stipulated in the grant provisions as well as several other small funds. These funds are not significant and are combined into one category of special revenue funds. Financing is provided primarily by federal and state grants, other revenues and reimbursements, and transfers.

Debt Service Fund

Debt Service	<ul style="list-style-type: none">These funds account for the accumulation of resources for, and the payment of, the general long-term obligations issued for the county and the Building Authority and other general obligations.
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COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue	Debt Service	Totals
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 4,379,092	\$ 805,640	\$ 5,184,732
Investments	1,004,818	-	1,004,818
Interest receivable	63,500	-	63,500
Due from other governments	846,282	-	846,282
Due from other funds	2,256,705	-	2,256,705
Advances to other funds	206,100	-	206,100
<u>TOTAL ASSETS</u>	<u>\$ 8,756,497</u>	<u>\$ 805,640</u>	<u>\$ 9,562,137</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 179,288	\$ -	\$ 179,288
Accrued wages and fringes	356,219	-	356,219
Due to other funds	746,000	-	746,000
Advances from other governments	54,000	-	54,000
Advances from other funds	113,500	-	113,500
Total liabilities	1,449,007	-	1,449,007
Fund balances			
Reserved for:			
Encumbrances	45,088	-	45,088
Long-term advances	206,100	-	206,100
Donations	4,340	-	4,340
Unreserved:			
Designated for subsequent expenditures	1,044,886	-	1,044,886
Undesignated	6,007,076	805,640	6,812,716
Total fund balances	7,307,490	805,640	8,113,130
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 8,756,497</u>	<u>\$ 805,640</u>	<u>\$ 9,562,137</u>

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Special Revenue	Debt Service	Totals
Revenues			
Taxes	\$ 2,363	\$ -	\$ 2,363
Licenses and permits	11,745	-	11,745
Intergovernmental revenues	6,151,744	-	6,151,744
Charges for services	904,861	-	904,861
Fines and forfeits	223,451	-	223,451
Interest and rents	235,148	232,658	467,806
Other revenue	1,132,233	-	1,132,233
	<hr/>		<hr/>
Total revenues	8,661,545	232,658	8,894,203
	<hr/>		<hr/>
Expenditures			
Current:			
General government	3,092,997	-	3,092,997
Public safety	7,366,592	-	7,366,592
Public works	605,640	-	605,640
Health and welfare	3,572,052	-	3,572,052
Recreation and culture	13,770	-	13,770
Debt service:			
Principal	-	1,005,357	1,005,357
Interest	-	478,643	478,643
Capital outlay	788,374	-	788,374
	<hr/>		<hr/>
Total expenditures	15,439,425	1,484,000	16,923,425
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Revenues (under) expenditures	(6,777,880)	(1,251,342)	(8,029,222)
	<hr/>		<hr/>
Other financing sources (uses)			
Transfers in	6,996,778	723,423	7,720,201
Transfers (out)	(5,487)	(257)	(5,744)
	<hr/>		<hr/>
Total other financing sources	6,991,291	723,166	7,714,457
	<hr/>		<hr/>
Net changes in fund balances	213,411	(528,176)	(314,765)
	<hr/>		<hr/>
Fund balances, beginning of year	7,094,079	1,333,816	8,427,895
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Fund balances, end of year	\$ 7,307,490	\$ 805,640	\$ 8,113,130
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COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Friend of the Court	Self Help Road	Restricted	Budget Stabilization	Central Dispatch Authority	Marriage Counseling
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 793	\$ 479,618	\$ -	\$ 156,242	\$ 270,858	\$ 124,880
Investments	-	-	-	1,004,818	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	407,986	-	-	-	58,904	-
Due from other funds	240,000	-	-	2,015,000	-	-
Advances to other funds	-	-	-	206,100	-	-
<u>TOTAL ASSETS</u>	\$ 648,779	\$ 479,618	\$ -	\$ 3,382,160	\$ 329,762	\$ 124,880
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 2,307	\$ 291	\$ -	\$ -	\$ 18,727	\$ -
Accrued wages and fringes	65,980	-	-	-	146,908	-
Due to other funds	580,000	-	-	-	-	-
Advances from other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	648,287	291	-	-	165,635	-
Fund balances						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Long-term advances	-	-	-	206,100	-	-
Donations	-	-	-	-	-	-
Unreserved:						
Designated for subsequent expenditures	-	-	-	-	-	53,250
Undesignated	492	479,327	-	3,176,060	164,127	71,630
Total fund balances	492	479,327	-	3,382,160	164,127	124,880
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 648,779	\$ 479,618	\$ -	\$ 3,382,160	\$ 329,762	\$ 124,880

continued...

COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Prosecutor Drug Forfeiture	Special Investigation Drug Enforcement	Federally Forfeited Property	OMNI Drug Forfeiture	Forfeited Property Non-Drug	Job Training and Placement
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 109,122	\$ 62,710	\$ 69,965	\$ 1,209,731	\$ 45,112	\$ 558
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	136,668
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 109,122	\$ 62,710	\$ 69,965	\$ 1,209,731	\$ 45,112	\$ 137,226
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 1,932	\$ -	\$ -	\$ 3,517	\$ -	\$ 14,399
Accrued wages and fringes	-	-	-	-	-	6,770
Due to other funds	-	-	-	-	-	98,000
Advances from other governments	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	1,932	-	-	3,517	-	119,169
Fund balances						
Reserved for:						
Encumbrances	-	9,765	10,000	-	-	-
Long-term advances	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Unreserved:						
Designated for subsequent expenditures	-	-	-	-	-	-
Undesignated	107,190	52,945	59,965	1,206,214	45,112	18,057
Total fund balances	107,190	62,710	69,965	1,206,214	45,112	18,057
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 109,122	\$ 62,710	\$ 69,965	\$ 1,209,731	\$ 45,112	\$ 137,226

continued...

COUNTY OF MONROE, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Workforce Investment	Sheriff Training	Social Services Fairview Infirmary	Probate Court Youth Center	Other Special Revenue Funds	Total
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 835	\$ 45,426	\$ 81,354	\$ 131,825	\$ 1,590,063	\$ 4,379,092
Investments	-	-	-	-	-	1,004,818
Accounts receivable	-	-	-	-	63,500	63,500
Due from other governments	140,285	-	30,723	35,907	35,809	846,282
Due from other funds	-	-	-	-	1,705	2,256,705
Advances to other funds	-	-	-	-	-	206,100
<u>TOTAL ASSETS</u>	\$ 141,120	\$ 45,426	\$ 112,077	\$ 167,732	\$ 1,691,077	\$ 8,756,497
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 15,530	\$ -	\$ 9,997	\$ 47,642	\$ 64,946	\$ 179,288
Accrued wages and fringes	32,326	-	16,980	87,255	-	356,219
Due to other funds	68,000	-	-	-	-	746,000
Advances from other governments	-	-	-	-	54,000	54,000
Advances from other funds	-	-	-	-	113,500	113,500
Total liabilities	115,856	-	26,977	134,897	232,446	1,449,007
Fund balances						
Reserved for:						
Encumbrances	-	-	3,000	-	22,323	45,088
Long-term advances	-	-	-	-	-	206,100
Donations	-	-	-	-	4,340	4,340
Unreserved:						
Designated for subsequent expenditures	-	-	50,000	-	941,636	1,044,886
Undesignated	25,264	45,426	32,100	32,835	490,332	6,007,076
Total fund balances	25,264	45,426	85,100	32,835	1,458,631	7,307,490
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 141,120	\$ 45,426	\$ 112,077	\$ 167,732	\$ 1,691,077	\$ 8,756,497

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Friend of the Court	Self Help Road	Restricted	Budget Stabilization	Central Dispatch Authority	Marriage Counseling
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	11,745
Intergovernmental revenue	2,087,339	-	-	-	246,846	-
Contributions from local units	-	-	-	-	-	-
Charges for services	182,884	-	-	-	587,336	-
Fines and forfeits	-	-	-	-	-	-
Interest and rents	-	-	-	161,253	20,049	-
Other revenue	-	-	-	-	-	-
Total revenues	2,270,223	-	-	161,253	854,231	11,745
Expenditures						
Current:						
General government	3,024,747	-	-	-	-	-
Public safety	-	-	-	-	2,289,084	-
Public works	-	605,640	-	-	-	-
Health and welfare	-	-	-	-	-	39,673
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	3,024,747	605,640	-	-	2,289,084	39,673
Revenues over (under) expenditures	(754,524)	(605,640)	-	161,253	(1,434,853)	(27,928)
Other financing sources (uses)						
Transfers in	727,312	780,250	-	-	1,303,353	-
Transfers (out)	-	-	(166)	-	-	-
Total other financing sources (uses)	727,312	780,250	(166)	-	1,303,353	-
Net changes in fund balances	(27,212)	174,610	(166)	161,253	(131,500)	(27,928)
Fund balances, beginning of year	27,704	304,717	166	3,220,907	295,627	152,808
Fund balances, end of year	\$ 492	\$ 479,327	\$ -	\$ 3,382,160	\$ 164,127	\$ 124,880

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COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Prosecutor Drug Forfeiture	Special Investigation Drug Enforcement	Federally Forfeited Property	OMNI Drug Forfeiture	Forfeited Property Non-Drug	Job Training and Placement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	1,185,051
Contributions from local units	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	50,476	-	11,025	155,450	-	-
Interest and rents	-	2,308	-	50,861	677	-
Other revenue	-	78,432	1,940	7,531	50,250	3,941
Total revenues	50,476	80,740	12,965	213,842	50,927	1,188,992
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	46,039	26,560	65,492	189,891	8,198	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	1,188,992
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	13,922	51,170	-	-
Total expenditures	46,039	26,560	79,414	241,061	8,198	1,188,992
Revenues over (under) expenditures	4,437	54,180	(66,449)	(27,219)	42,729	-
Other financing sources (uses)						
Transfers in	5,321	-	-	-	-	-
Transfers (out)	-	(5,321)	-	-	-	-
Total other financing sources (uses)	5,321	(5,321)	-	-	-	-
Net changes in fund balances	9,758	48,859	(66,449)	(27,219)	42,729	-
Fund balances, beginning of year	97,432	13,851	136,414	1,233,433	2,383	18,057
Fund balances, end of year	\$ 107,190	\$ 62,710	\$ 69,965	\$ 1,206,214	\$ 45,112	\$ 18,057

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COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Workforce Investment	Sheriff Training	Social Services Fairview Infirmary	Probate Court Youth Center	Other Special Revenue Funds	Total
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,363	\$ 2,363
Licenses and permits	-	-	-	-	-	11,745
Intergovernmental revenue	948,929	21,358	-	1,635,924	26,297	6,151,744
Contributions from local units	-	-	-	-	-	-
Charges for services	-	-	-	88,651	45,990	904,861
Fines and forfeits	-	-	-	-	6,500	223,451
Interest and rents	-	-	-	-	-	235,148
Other revenue	1,247	-	313,593	40,154	635,145	1,132,233
Total revenues	950,176	21,358	313,593	1,764,729	716,295	8,661,545
Expenditures						
Current:						
General government	-	-	-	-	68,250	3,092,997
Public safety	-	18,696	-	4,692,662	29,970	7,366,592
Public works	-	-	-	-	-	605,640
Health and welfare	946,278	-	913,300	-	483,809	3,572,052
Recreation and culture	-	-	-	-	13,770	13,770
Capital outlay	-	-	-	-	723,282	788,374
Total expenditures	946,278	18,696	913,300	4,692,662	1,319,081	15,439,425
Revenues over (under) expenditures	3,898	2,662	(599,707)	(2,927,933)	(602,786)	(6,777,880)
Other financing sources (uses)						
Transfers in	-	-	614,065	2,654,772	911,705	6,996,778
Transfers (out)	-	-	-	-	-	(5,487)
Total other financing sources (uses)	-	-	614,065	2,654,772	911,705	6,991,291
Net changes in fund balances	3,898	2,662	14,358	(273,161)	308,919	213,411
Fund balances, beginning of year	21,366	42,764	70,742	305,996	1,149,712	7,094,079
Fund balances, end of year	\$ 25,264	\$ 45,426	\$ 85,100	\$ 32,835	\$ 1,458,631	\$ 7,307,490

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Friend of the Court			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	2,474,834	2,485,859	2,087,339	(398,520)
Contributions from local units	-	-	-	-
Charges for services	205,000	205,000	182,884	(22,116)
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	1,000	1,000	-	(1,000)
Total revenues	2,680,834	2,691,859	2,270,223	(421,636)
Expenditures				
Current:				
General government				
Salaries and wages	1,601,715	1,609,715	1,518,793	(90,922)
Employee benefits	1,240,266	1,235,266	1,111,248	(124,018)
Services and supplies	402,665	410,690	394,706	(15,984)
Capital outlay	-	-	-	-
Total expenditures	3,244,646	3,255,671	3,024,747	(230,924)
Revenues over (under) expenditures	(563,812)	(563,812)	(754,524)	(190,712)
Other financing sources (uses)				
Transfers in	487,312	487,312	727,312	240,000
Transfers (out)	-	-	-	-
Total other financing sources (uses)	487,312	487,312	727,312	240,000
Net changes in fund balances	(76,500)	(76,500)	(27,212)	49,288
Fund balances (deficit), beginning of year	27,704	27,704	27,704	-
Fund balances, end of year	\$ (48,796)	\$ (48,796)	\$ 492	\$ 49,288

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Self Help Road			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
Public works				
Services and supplies	780,250	780,250	605,640	(174,610)
Capital outlay	-	-	-	-
Total expenditures	780,250	780,250	605,640	(174,610)
Revenues over (under) expenditures	(780,250)	(780,250)	(605,640)	174,610
Other financing sources (uses)				
Transfers in	780,250	780,250	780,250	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	780,250	780,250	780,250	-
Net changes in fund balances	-	-	174,610	174,610
Fund balances, beginning of year	304,717	304,717	304,717	-
Fund balances, end of year	\$ 304,717	\$ 304,717	\$ 479,327	\$ 174,610

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Restricted			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
General government				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	(170)	(166)	4
Total other financing sources (uses)	-	(170)	(166)	4
Net changes in fund balances	-	(170)	(166)	4
Fund balances, beginning of year	166	166	166	-
Fund balances (deficit), end of year	\$ 166	\$ (4)	\$ -	\$ 4

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Budget Stabilization			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	75,000	75,000	161,253	86,253
Other revenues	-	-	-	-
Total revenues	75,000	75,000	161,253	86,253
Expenditures				
Current:				
General government				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	75,000	75,000	161,253	86,253
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(75,000)	(75,000)	-	75,000
Total other financing sources (uses)	(75,000)	(75,000)	-	75,000
Net changes in fund balances	-	-	161,253	161,253
Fund balances, beginning of year	3,220,907	3,220,907	3,220,907	-
Fund balances, end of year	\$ 3,220,907	\$ 3,220,907	\$ 3,382,160	\$ 161,253

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Central Dispatch Authority			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	135,000	157,788	246,846	89,058
Contributions from local units	-	-	-	-
Charges for services	716,000	716,000	587,336	(128,664)
Fines and forfeits	-	-	-	-
Interest and rents	10,000	10,000	20,049	10,049
Other revenues	446	446	-	(446)
Total revenues	861,446	884,234	854,231	(30,003)
Expenditures				
Current:				
Public safety				
Salaries and wages	1,142,581	1,157,581	1,194,114	36,533
Employee benefits	851,261	831,261	822,921	(8,340)
Services and supplies	266,125	313,913	272,049	(41,864)
Capital outlay	-	-	-	-
Total expenditures	2,259,967	2,302,755	2,289,084	(13,671)
Revenues over (under) expenditures	(1,398,521)	(1,418,521)	(1,434,853)	(16,332)
Other financing sources (uses)				
Transfers in	1,303,353	1,303,353	1,303,353	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	1,303,353	1,303,353	1,303,353	-
Net changes in fund balances	(95,168)	(115,168)	(131,500)	(16,332)
Fund balances, beginning of year	295,627	295,627	295,627	-
Fund balances, end of year	<u>\$ 200,459</u>	<u>\$ 180,459</u>	<u>\$ 164,127</u>	<u>\$ (16,332)</u>

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Marriage Counseling			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	15,000	15,000	11,745	(3,255)
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	15,000	15,000	11,745	(3,255)
Expenditures				
Current:				
General government				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	66,520	66,520	39,673	(26,847)
Capital outlay	-	-	-	-
Total expenditures	66,520	66,520	39,673	(26,847)
Revenues over (under) expenditures	(51,520)	(51,520)	(27,928)	23,592
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(51,520)	(51,520)	(27,928)	23,592
Fund balances, beginning of year	152,808	152,808	152,808	-
Fund balances, end of year	\$ 101,288	\$ 101,288	\$ 124,880	\$ 23,592

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Prosecutor Drug Forfeiture			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	5,000	5,000	50,476	45,476
Interest and rents	1,092	1,092	-	(1,092)
Other revenues	-	-	-	-
Total revenues	6,092	6,092	50,476	44,384
Expenditures				
Current:				
Public safety				
Salaries and wages	3,825	4,625	4,050	(575)
Employee benefits	1,364	1,364	1,642	278
Services and supplies	16,521	41,461	40,347	(1,114)
Capital outlay	-	-	-	-
Total expenditures	21,710	47,450	46,039	(1,411)
Revenues over (under) expenditures	(15,618)	(41,358)	4,437	45,795
Other financing sources (uses)				
Transfers in	-	-	5,321	5,321
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	5,321	5,321
Net changes in fund balances	(15,618)	(41,358)	9,758	51,116
Fund balances, beginning of year	97,432	97,432	97,432	-
Fund balances, end of year	\$ 81,814	\$ 56,074	\$ 107,190	\$ 51,116

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Special Investigation Drug Enforcement			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	1,000	1,000	2,308	1,308
Other revenues	137,162	137,162	78,432	(58,730)
Total revenues	138,162	138,162	80,740	(57,422)
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	127,617	127,616	26,560	(101,056)
Capital outlay	-	-	-	-
Total expenditures	127,617	127,616	26,560	(101,056)
Revenues over (under) expenditures	10,545	10,546	54,180	43,634
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(10,545)	(10,545)	(5,321)	5,224
Total other financing sources (uses)	(10,545)	(10,545)	(5,321)	5,224
Net changes in fund balances	-	1	48,859	48,858
Fund balances, beginning of year	13,851	13,851	13,851	-
Fund balances, end of year	\$ 13,851	\$ 13,852	\$ 62,710	\$ 48,858

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Federally Forfeited Property			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	56,039	56,039	11,025	(45,014)
Interest and rents	-	-	-	-
Other revenues	-	-	1,940	1,940
Total revenues	56,039	56,039	12,965	(43,074)
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	54,993	172,763	65,492	(107,271)
Capital outlay	-	14,103	13,922	(181)
Total expenditures	54,993	186,866	79,414	(107,452)
Revenues over (under) expenditures	1,046	(130,827)	(66,449)	64,378
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	(1,046)	(1,046)	-	1,046
Total other financing sources (uses)	(1,046)	(1,046)	-	1,046
Net changes in fund balances	-	(131,873)	(66,449)	65,424
Fund balances, beginning of year	136,414	136,414	136,414	-
Fund balances, end of year	\$ 136,414	\$ 4,541	\$ 69,965	\$ 65,424

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	OMNI Drug Forfeiture			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	201,580	254,080	155,450	(98,630)
Interest and rents	6,000	6,000	50,861	44,861
Other revenues	40,000	40,000	7,531	(32,469)
Total revenues	247,580	300,080	213,842	(86,238)
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	247,580	247,580	189,891	(57,689)
Capital outlay	-	52,500	51,170	(1,330)
Total expenditures	247,580	300,080	241,061	(59,019)
Revenues over (under) expenditures	-	-	(27,219)	(27,219)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	(27,219)	(27,219)
Fund balances, beginning of year	1,233,433	1,233,433	1,233,433	-
Fund balances, end of year	\$ 1,233,433	\$ 1,233,433	\$ 1,206,214	\$ (27,219)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Forfeited Property - Non-Drug			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	64	677	613
Other revenues	1,500	52,633	50,250	(2,383)
Total revenues	1,500	52,697	50,927	(1,770)
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	1,500	52,697	8,198	(44,499)
Capital outlay	-	-	-	-
Total expenditures	1,500	52,697	8,198	(44,499)
Revenues over (under) expenditures	-	-	42,729	42,729
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	42,729	42,729
Fund balances, beginning of year	2,383	2,383	2,383	-
Fund balances, end of year	\$ 2,383	\$ 2,383	\$ 45,112	\$ 42,729

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Job Training and Placement			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,296,074	1,309,054	1,185,051	(124,003)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	3,941	3,941
Total revenues	1,296,074	1,309,054	1,188,992	(120,062)
Expenditures				
Current:				
Health and welfare				
Salaries and wages	530,699	524,174	505,754	(18,420)
Employee benefits	410,002	381,717	354,126	(27,591)
Services and supplies	355,373	403,163	329,112	(74,051)
Capital outlay	-	-	-	-
Total expenditures	1,296,074	1,309,054	1,188,992	(120,062)
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	18,057	18,057	18,057	-
Fund balances, end of year	\$ 18,057	\$ 18,057	\$ 18,057	\$ -

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Workforce Investment			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	975,131	1,060,635	948,929	(111,706)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	1,247	1,247
Total revenues	975,131	1,060,635	950,176	(110,459)
Expenditures				
Current:				
Health and welfare				
Salaries and wages	422,816	450,709	424,534	(26,175)
Employee benefits	333,088	355,040	322,332	(32,708)
Services and supplies	219,227	254,886	199,412	(55,474)
Capital outlay	-	-	-	-
Total expenditures	975,131	1,060,635	946,278	(114,357)
Revenues over (under) expenditures	-	-	3,898	3,898
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances		-	3,898	3,898
Fund balances, beginning of year	21,366	21,366	21,366	-
Fund balances, end of year	\$ 21,366	\$ 21,366	\$ 25,264	\$ 3,898

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Sheriff Training			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	22,503	22,503	21,358	(1,145)
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	-	-	-	-
Total revenues	22,503	22,503	21,358	(1,145)
Expenditures				
Current:				
Public safety				
Salaries and wages	-	-	-	-
Employee benefits	-	-	-	-
Services and supplies	22,503	22,503	18,696	(3,807)
Capital outlay	-	-	-	-
Total expenditures	22,503	22,503	18,696	(3,807)
Revenues over (under) expenditures	-	-	2,662	2,662
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	-	-	2,662	2,662
Fund balances, beginning of year	42,764	42,764	42,764	-
Fund balances, end of year	\$ 42,764	\$ 42,764	\$ 45,426	\$ 2,662

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Social Services Fairview Infirmary			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Contributions from local units	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	300,000	300,000	313,593	13,593
Total revenues	300,000	300,000	313,593	13,593
Expenditures				
Current:				
Health and welfare				
Salaries and wages	419,489	409,569	409,771	202
Employee benefits	234,523	222,523	218,284	(4,239)
Services and supplies	266,428	290,428	285,245	(5,183)
Capital outlay	-	-	-	-
Total expenditures	920,440	922,520	913,300	(9,220)
Revenues over (under) expenditures	(620,440)	(622,520)	(599,707)	22,813
Other financing sources (uses)				
Transfers in	611,985	614,065	614,065	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	611,985	614,065	614,065	-
Net changes in fund balances	(8,455)	(8,455)	14,358	22,813
Fund balances, beginning of year	70,742	70,742	70,742	-
Fund balances, end of year	\$ 62,287	\$ 62,287	\$ 85,100	\$ 22,813

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Probate Court Youth Center			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	1,970,204	1,985,469	1,635,924	(349,545)
Contributions from local units	-	-	-	-
Charges for services	175,550	175,550	88,651	(86,899)
Fines and forfeits	-	-	-	-
Interest and rents	-	-	-	-
Other revenues	46,205	46,205	40,154	(6,051)
Total revenues	2,191,959	2,207,224	1,764,729	(442,495)
Expenditures				
Current:				
Public safety				
Salaries and wages	1,828,467	1,832,567	1,802,566	(30,001)
Employee benefits	1,215,771	1,215,771	1,170,700	(45,071)
Services and supplies	1,798,393	1,813,658	1,719,396	(94,262)
Capital outlay	-	-	-	-
Total expenditures	4,842,631	4,861,996	4,692,662	(169,334)
Revenues over (under) expenditures	(2,650,672)	(2,654,772)	(2,927,933)	(273,161)
Other financing sources (uses)				
Transfers in	2,650,672	2,654,772	2,654,772	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	2,650,672	2,654,772	2,654,772	-
Net changes in fund balances	-	-	(273,161)	(273,161)
Fund balances, beginning of year	305,996	305,996	305,996	-
Fund balances, end of year	\$ 305,996	\$ 305,996	\$ 32,835	\$ (273,161)

COUNTY OF MONROE, MICHIGAN
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Other Special Revenue Funds			
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,000	\$ 1,000	\$ 2,363	\$ 1,363
Licenses and permits	-	-	-	-
Intergovernmental revenues	29,500	29,500	26,297	(3,203)
Contributions from local units	-	-	-	-
Charges for services	30,000	30,000	45,990	15,990
Fines and forfeits	10,000	10,000	6,500	(3,500)
Interest and rents	-	-	-	-
Other revenues	1,066,009	1,066,411	635,145	(431,266)
Total revenues	1,136,509	1,136,911	716,295	(420,616)
Expenditures				
Current:				
General government				
Salaries and wages	20,000	20,000	22,696	2,696
Employee benefits	1,777	1,777	2,019	242
Services and supplies	277,355	277,355	43,535	(233,820)
Public Safety				
Services and supplies	30,000	30,000	29,970	(30)
Health and welfare				
Salaries and wages	5,000	5,000	3,133	(1,867)
Employee benefits	-	-	-	-
Services and supplies	886,009	886,009	480,676	(405,333)
Recreation and culture				
Salaries and wages	28,950	25,450	9,405	(16,045)
Services and supplies	550	5,550	4,365	(1,185)
Capital outlay	560,000	1,598,255	723,282	(874,973)
Total expenditures	1,809,641	2,849,396	1,319,081	(1,530,315)
Revenues over (under) expenditures	(673,132)	(1,712,485)	(602,786)	1,109,699
Other financing sources (uses)				
Transfers in	570,000	910,000	911,705	1,705
Transfers (out)	(11,868)	(11,868)	-	11,868
Total other financing sources (uses)	558,132	898,132	911,705	13,573
Net changes in fund balances	(115,000)	(814,353)	308,919	1,123,272
Fund balances, beginning of year	1,149,712	1,149,712	1,149,712	-
Fund balances, end of year	\$ 1,034,712	\$ 335,359	\$ 1,458,631	\$ 1,123,272

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NONMAJOR ENTERPRISE FUNDS

Equipment Rental Fund

- Accounts for the reimbursement to the County by Drain districts for the use of county equipment and drain maintenance and repair.

Imaging Services Fund

- Accounts for the reimbursement of the printing department costs by user departments, government entities and agencies.

Engineering Fund

- Accounts for the reimbursement to the County by Drain Districts for the services of engineers, who are employed by the County.

Inmate Commissary Fund

- Used to account for the concession activity for inmates in the county jails.

Revolving Loan Fund

- This fund is used to report activity related to the issuance and repayment of Housing Rehabilitation Loans made to County residents that are eligible to participate in the Community Development Block Grant Housing Rehabilitation Loan program.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2007

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
<u>ASSETS</u>						
Assets						
Current assets:						
Cash and cash equivalents	\$ 259,383	\$ 18,517	\$ 18,401	\$ 168,621	\$ 47,130	\$ 512,052
Due from other governments	-	1,324	-	-	2,430	3,754
Loans receivable due within one year	-	-	-	-	48,750	48,750
Total current assets	259,383	19,841	18,401	168,621	98,310	564,556
Noncurrent assets:						
Loans receivable	-	-	-	-	1,636,049	1,636,049
Capital assets, net	15,775	5,556	-	-	-	21,331
Total noncurrent assets	15,775	5,556	-	-	1,636,049	1,657,380
<u>TOTAL ASSETS</u>	\$ 275,158	\$ 25,397	\$ 18,401	\$ 168,621	\$ 1,734,359	\$ 2,221,936
<u>LIABILITIES AND NET ASSETS</u>						
Liabilities						
Current liabilities:						
Accounts payable	\$ 56,619	\$ 1,060	\$ -	\$ 767	\$ 5,294	\$ 63,740
Accrued wages and fringes	2,268	3,146	4,357	-	-	9,771
Total liabilities	58,887	4,206	4,357	767	5,294	73,511
Net assets						
Invested in capital assets	15,775	5,556	-	-	-	21,331
Unrestricted	200,496	15,635	14,044	167,854	1,729,065	2,127,094
Total net assets	216,271	21,191	14,044	167,854	1,729,065	2,148,425
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 275,158	\$ 25,397	\$ 18,401	\$ 168,621	\$ 1,734,359	\$ 2,221,936

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
Operating revenues						
Charges for services	\$ 93,184	\$ 97,813	\$ 87,856	\$ 59,080	\$ 57,101	\$ 395,034
Interest on loan repayments	-	-	-	-	460	460
Other operating revenue	154,015	-	-	-	-	154,015
Total operating revenues	247,199	97,813	87,856	59,080	57,561	549,509
Operating expense						
Cost of services	252,073	170,158	127,201	26,722	118,596	694,750
Depreciation	13,863	1,587	-	-	-	15,450
Total operating expense	265,936	171,745	127,201	26,722	118,596	710,200
Operating income (loss)	(18,737)	(73,932)	(39,345)	32,358	(61,035)	(160,691)
Non-operating revenue						
Intergovernmental revenue	-	-	-	-	118,430	118,430
Income (loss) before transfers	(18,737)	(73,932)	(39,345)	32,358	57,395	(42,261)
Transfers in	-	60,000	-	-	-	60,000
Change in net assets	(18,737)	(13,932)	(39,345)	32,358	57,395	17,739
Net assets, beginning of year	235,008	35,123	53,389	135,496	1,671,670	2,130,686
Net assets, end of year	<u>\$ 216,271</u>	<u>\$ 21,191</u>	<u>\$ 14,044</u>	<u>\$ 167,854</u>	<u>\$ 1,729,065</u>	<u>\$ 2,148,425</u>

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
Cash flows from operating activities						
Cash received from customers	\$ 247,199	\$ 99,873	\$ 87,856	\$ 59,080	\$ -	\$ 494,008
Collections of housing loan principal	-	-	-	-	117,906	117,906
Collections of housing loan interest	-	-	-	-	57,131	57,131
Cash payments to suppliers for goods and services	(139,124)	(41,293)	(7,436)	(26,560)	(113,137)	(327,550)
Cash payments for employee services	(74,492)	(127,404)	(118,917)	-	-	(320,813)
Housing loans issued	-	-	-	-	(193,633)	(193,633)
Net cash provided by (used in) operating activities	33,583	(68,824)	(38,497)	32,520	(131,733)	(172,951)
Cash flows from non-capital financing activities						
Intergovernmental revenue	-	-	-	-	118,430	118,430
Transfers in	-	60,000	-	-	-	60,000
Net cash provided by (used in) capital and related financing activities	-	60,000	-	-	118,430	178,430
Cash flows from capital and related financing activities						
Purchase of capital assets	(12,634)	-	-	-	-	(12,634)
Net increase (decrease) in cash and cash equivalents	20,949	(8,824)	(38,497)	32,520	(13,303)	(7,155)
Cash and cash equivalents, beginning of year	238,434	27,341	56,898	136,101	60,433	519,207
Cash and cash equivalents, end of year	\$ 259,383	\$ 18,517	\$ 18,401	\$ 168,621	\$ 47,130	\$ 512,052

(Continued...)

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2007

	Equipment Rental	Imaging Services	Engineering	Inmate Commissary	Revolving Loan	Total
Cash flows from operating activities						
Operating income (loss)	\$ (18,737)	\$ (73,932)	\$ (39,345)	\$ 32,358	\$ (61,035)	\$ (160,691)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	13,863	1,587	-	-	-	15,450
Bad dept expense	-	-	-	-	165	165
(Increase) decrease in:						
Due from other governments	-	2,060	-	-	(430)	1,630
Loans receivable	-	-	-	-	(75,726)	(75,726)
Increase (decrease) in:						
Accounts payable	38,069	1,033	-	162	5,293	44,557
Accrued wages and fringes	388	428	848	-	-	1,664
Net cash provided by (used in) operating activities	<u>\$ 33,583</u>	<u>\$ (68,824)</u>	<u>\$ (38,497)</u>	<u>\$ 32,520</u>	<u>\$ (131,733)</u>	<u>\$ (172,951)</u>

INTERNAL SERVICE FUNDS

Office Equipment Pool Fund	<ul style="list-style-type: none">• Used to record the operations of an office equipment pool.
Telephone Fund	<ul style="list-style-type: none">• Accounts for the reimbursement of telephone costs by user departments.
Banked Sick Pay Fund	<ul style="list-style-type: none">• Established to record the liability and related costs associated with banked sick pay accumulated prior to July 1, 1986.
Dental Insurance Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to dental insurance claims.
Unemployment Compensation Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to unemployment compensation claims.
Health Insurance Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to health insurance claims.
Workers' Compensation Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to workers' compensation claims.
Long-Term Disability Fund	<ul style="list-style-type: none">• Established in order to pay employee wages and certain benefits while on short or long-term disability.
Liability Insurance Fund	<ul style="list-style-type: none">• Established in order to pay the liability insurance of the County.
Tax Collection Insurance Fund	<ul style="list-style-type: none">• Established to accumulate and disburse monies related to insurance for local entities for tax collection requirements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
ASSETS											
Assets											
Current assets:											
Cash and cash equivalents	\$ 259,763	\$ 161,474	\$ 105,416	\$ 309,016	\$ 516,100	\$ 2,501,623	\$ 569,467	\$ 115,096	\$ 324,882	\$ 3,655	\$ 4,866,492
Accounts receivable	-	-	-	-	-	3,448	-	-	-	-	3,448
Due from other funds	-	2,519	-	-	-	-	430,000	-	8,452	-	440,971
Total current assets	259,763	163,993	105,416	309,016	516,100	2,505,071	999,467	115,096	333,334	3,655	5,310,911
Noncurrent assets:											
Restricted assets - cash and cash equivalents	-	-	-	-	-	-	-	-	308,917	-	308,917
Capital assets being depreciated, net	346,202	-	-	-	-	-	-	-	-	-	346,202
Total noncurrent assets	346,202	-	-	-	-	-	-	-	308,917	-	655,119
TOTAL ASSETS	\$ 605,965	\$ 163,993	\$ 105,416	\$ 309,016	\$ 516,100	\$ 2,505,071	\$ 999,467	\$ 115,096	\$ 642,251	\$ 3,655	\$ 5,966,030
LIABILITIES AND NET ASSETS											
Liabilities											
Current liabilities:											
Accounts payable	\$ -	\$ 6,705	\$ -	\$ 30,397	\$ -	\$ 1,978	\$ 1,313	\$ 1,408	\$ -	\$ -	\$ 41,801
Accrued wages and fringes	-	-	-	-	-	947	-	-	-	-	947
Compensated absences payable	-	-	105,416	-	-	-	-	-	-	-	105,416
Other accrued liabilities	-	-	-	34,693	575	462,150	957,369	8,461	292,984	-	1,756,232
Due to other funds	-	-	-	-	430,000	-	-	-	-	-	430,000
Total current liabilities	-	6,705	105,416	65,090	430,575	465,075	958,682	9,869	292,984	-	2,334,396
Noncurrent liabilities:											
Advances from other funds	356,100	-	-	-	-	-	-	-	-	-	356,100
Total liabilities	356,100	6,705	105,416	65,090	430,575	465,075	958,682	9,869	292,984	-	2,690,496
Net assets											
Invested in capital assets	(9,898)	-	-	-	-	-	-	-	-	-	(9,898)
Unrestricted	259,763	157,288	-	243,926	85,525	2,039,996	40,785	105,227	349,267	3,655	3,285,432
Total net assets	249,865	157,288	-	243,926	85,525	2,039,996	40,785	105,227	349,267	3,655	3,275,534
TOTAL LIABILITIES AND NET ASSETS	\$ 605,965	\$ 163,993	\$ 105,416	\$ 309,016	\$ 516,100	\$ 2,505,071	\$ 999,467	\$ 115,096	\$ 642,251	\$ 3,655	\$ 5,966,030

COUNTY OF MONROE, MICHIGAN
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2007

	Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
Operating revenues											
Charges for services	\$ -	\$ 128,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,670
Employer contributions	-	-	-	431,750	279,378	6,725,383	358,704	538,329	998,761	-	9,332,305
Employee contributions	-	-	-	1,429	-	137,891	-	-	-	-	139,320
Other revenue	96,929	-	-	48,568	-	119,147	1,915	19,931	4,032	7,632	298,154
Total operating revenues	96,929	128,670	-	481,747	279,378	6,982,421	360,619	558,260	1,002,793	7,632	9,898,449
Operating expense											
Administrative costs	-	96,399	-	46,408	-	169	15,932	1,568	-	-	160,476
Benefit payments	-	-	-	407,943	4,608	7,165,700	968,653	275,019	-	-	8,821,923
Liability insurance	-	-	-	-	-	-	-	-	1,011,622	8,748	1,020,370
Depreciation	71,705	-	-	-	-	-	-	-	-	-	71,705
Total operating expense	71,705	96,399	-	454,351	4,608	7,165,869	984,585	276,587	1,011,622	8,748	10,074,474
Operating income (loss)	25,224	32,271	-	27,396	274,770	(183,448)	(623,966)	281,673	(8,829)	(1,116)	(176,025)
Non-operating revenue											
Interest earned on investments	-	-	-	-	18,501	78,379	-	-	-	-	96,880
Income (loss) before transfers	25,224	32,271	-	27,396	293,271	(105,069)	(623,966)	281,673	(8,829)	(1,116)	(79,145)
Transfers											
Transfers in	-	-	-	-	-	-	430,000	-	-	-	430,000
Transfers (out)	-	-	-	-	(695,000)	-	-	(250,000)	-	-	(945,000)
Total transfers	-	-	-	-	(695,000)	-	430,000	(250,000)	-	-	(515,000)
Change in net assets	25,224	32,271	-	27,396	(401,729)	(105,069)	(193,966)	31,673	(8,829)	(1,116)	(594,145)
Net assets, beginning of year	224,641	125,017	-	216,530	487,254	2,145,065	234,751	73,554	358,096	4,771	3,869,679
Net assets, end of year	\$ 249,865	\$ 157,288	\$ -	\$ 243,926	\$ 85,525	\$ 2,039,996	\$ 40,785	\$ 105,227	\$ 349,267	\$ 3,655	\$ 3,275,534

COUNTY OF MONROE, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007

	Office Equipment Pool	Telephone	Banked Sick Pay	Dental Insurance	Unemployment Compensation	Health Insurance	Worker's Compensation	Long-Term Disability	Liability Insurance	Tax Collection Insurance	Total
Cash flows from operating activities											
Cash received from customers	\$ 96,929	\$ 126,151	\$ -	\$ 481,747	\$ 279,378	\$ 6,986,507	\$ (69,381)	\$ 558,260	\$ 994,341	\$ 7,632	\$ 9,461,564
Cash payments to suppliers for goods and services	-	(96,815)	(50,867)	-	-	-	-	-	(931,093)	(8,748)	(1,087,523)
Cash payments for employee benefits	-	-	-	(428,465)	418,504	(7,298,534)	(289,136)	(278,620)	-	-	(7,876,251)
Net cash provided by (used in) operating activities	96,929	29,336	(50,867)	53,282	697,882	(312,027)	(358,517)	279,640	63,248	(1,116)	497,790
Cash flows from non-capital financing activities											
Repayment of long-term advances	(33,374)	-	-	-	-	-	-	-	-	-	(33,374)
Transfers in	-	-	-	-	-	-	430,000	-	-	-	430,000
Transfers out	-	-	-	-	(695,000)	-	-	(250,000)	-	-	(945,000)
Net cash used by non-capital financial activities	(33,374)	-	-	-	(695,000)	-	430,000	(250,000)	-	-	(548,374)
Cash flows from capital and related financing activities											
Purchase of capital assets	(20,520)	-	-	-	-	-	-	-	-	-	(20,520)
Cash flows from investing activities											
Interest received	-	-	-	-	18,501	78,379	-	-	-	-	96,880
Net increase (decrease) in cash and cash equivalents	43,035	29,336	(50,867)	53,282	21,383	(233,648)	71,483	29,640	63,248	(1,116)	25,776
Cash and cash equivalents, beginning of year	216,728	132,138	156,283	255,734	494,717	2,735,271	497,984	85,456	570,551	4,771	5,149,633
Cash and cash equivalents, end of year	\$ 259,763	\$ 161,474	\$ 105,416	\$ 309,016	\$ 516,100	\$ 2,501,623	\$ 569,467	\$ 115,096	\$ 633,799	\$ 3,655	\$ 5,175,409
Cash flows from operating activities											
Operating income (loss)	\$ 25,224	\$ 32,271	\$ -	\$ 27,396	\$ 274,770	\$ (183,448)	\$ (623,966)	\$ 281,673	\$ (8,829)	\$ (1,116)	\$ (176,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:											
Depreciation expense	71,705	-	-	-	-	-	-	-	-	-	71,705
(Increase) decrease in:											
Accounts receivable	-	-	-	-	-	4,086	-	-	-	-	4,086
Due from other funds	-	(2,519)	-	-	-	-	(430,000)	-	(8,452)	-	(440,971)
Increase (decrease) in:											
Accounts payable	-	(416)	-	30,397	-	(71,654)	(634)	1,408	-	-	(40,899)
Compensated absences payable	-	-	(50,867)	-	-	-	-	-	-	-	(50,867)
Other accrued liabilities - IBNR	-	-	-	(4,511)	(6,888)	(61,011)	696,083	(3,441)	80,529	-	700,761
Due to other funds	-	-	-	-	430,000	-	-	-	-	-	430,000
Net cash provided by (used in) operating activities	96,929	29,336	(50,867)	53,282	697,882	(312,027)	(358,517)	279,640	63,248	(1,116)	497,790

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FIDUCIARY FUNDS

Employees' Retirement System Trust Fund	<ul style="list-style-type: none">• Used to account for the financial operations of the Monroe County Employees' Retirement System. The system is administered by a nine-member board of trustees, while the County acts as the custodian of the system.
Retiree Health Insurance Trust Fund	<ul style="list-style-type: none">• Used to account for the operations of this fund for current retiree hospitalization benefits and their subsequent disbursement.
General Agency Fund	<ul style="list-style-type: none">• Used to account for monies deposited with the County Treasurer that are to be released at a later date.
Current Tax Collection Agency Fund	<ul style="list-style-type: none">• Used to record the collection of current property taxes and their subsequent disbursement to various municipalities, school districts and other governmental units.
Imprest Payroll Agency Fund	<ul style="list-style-type: none">• Used to account for the County's payroll and related withholdings.
Court Orders Agency Fund	<ul style="list-style-type: none">• Used to account for bond and other monies held by the Circuit Court.
Penal Fines Agency Fund	<ul style="list-style-type: none">• Used to account for monies received by the District and Circuit Courts for penal fines that are subsequently disbursed to public libraries.
Escheats Probate Court Agency Fund	<ul style="list-style-type: none">• Used to account for monies that have not been claimed and are subsequently disbursed to the State of Michigan.
Clearing Account Agency Fund	<ul style="list-style-type: none">• Used as a clearing account for the County's disbursements.

COUNTY OF MONROE, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2007

	Employees'	Retiree	Total
	Retirement	Health	
	System	Insurance	
Assets			
Cash and cash equivalents	\$ -	\$ 587,071	\$ 587,071
Investments at fair value:			
U.S. treasuries	12,672,962	894,181	13,567,143
U.S. agencies	18,344,991	2,300,402	20,645,393
Foreign government bonds	14,974,078	-	14,974,078
Corporate bonds	22,934,287	2,824,121	25,758,408
Bond mutual fund	2,194,186	2,717,335	4,911,521
Domestic equities	48,464,231	11,507,958	59,972,189
International equities	10,216,186	-	10,216,186
American depository receipts	39,152,398	-	39,152,398
Domestic real estate investment trusts	1,016,676	-	1,016,676
International real estate investment trusts	3,816,911	-	3,816,911
Collateralized mortgage obligations	3,597,976	-	3,597,976
Money market accounts	9,397,690	390,407	9,788,097
Contributions receivable	432,174	-	432,174
Foreign currency forward contracts receivable	27,584	-	27,584
Interest receivable	1,000,498	-	1,000,498
 Total assets	 188,242,828	 21,221,475	 209,464,303
Liabilities			
Accounts payable	452,154	-	452,154
 Net assets held in trust for pension benefits and other purposes	 <u>\$ 187,790,674</u>	 <u>\$ 21,221,475</u>	 <u>\$ 209,012,149</u>

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Plan Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2007

	Employees' Retirement System	Retiree Health Insurance	Total
Additions			
Investment income:			
<i>From investing activities</i>			
Net appreciation in fair value of investments	\$ 8,242,677	\$ (86,953)	\$ 8,155,724
Interest and dividends	6,286,782	811,216	7,097,998
Total investment gain	14,529,459	724,263	15,253,722
Less: investment management fees	(922,963)	(176,644)	(1,099,607)
Net gain from investing activities	13,606,496	547,619	14,154,115
<i>From securities lending activities</i>			
Gross earnings	1,893,573	-	1,893,573
Borrower rebates	(1,724,851)	-	(1,724,851)
Security lending fees	(67,454)	-	(67,454)
Net income from securities lending activities	101,268	-	101,268
Total net investment gain	13,707,764	547,619	14,255,383
Contributions:			
Employer	4,910,784	5,835,111	10,745,895
Employee	336,074	275,233	611,307
Retiree and other	-	249,998	249,998
Time purchase	22,308	-	22,308
Total contributions	5,269,166	6,360,342	11,629,508
Total additions	18,976,930	6,907,961	25,884,891
Deductions			
Benefit payments	7,599,021	3,258,724	10,857,745
Refunds of contributions	630,322	47,519	677,841
Administrative expenses/premiums paid	489,164	9,050	498,214
Total deductions	8,718,507	3,315,293	12,033,800
Net additions to net assets held in trust	10,258,423	3,592,668	13,851,091
Net assets held in trust for pension benefits and other purposes			
Beginning of year	177,532,251	17,628,807	195,161,058
End of year	\$ 187,790,674	\$ 21,221,475	\$ 209,012,149

COUNTY OF MONROE, MICHIGAN
Combining Statement of Assets and Liabilities
All Agency Funds
December 31, 2007

	General Agency	Current Tax Collection	Imprest Payroll	Penal Fines	Escheats Probate Court	Clearing Account	Total
Assets							
Cash and cash equivalents	\$ 1,105,632	\$ 1,113,337	\$ 124,630	\$ 7,053	\$ 95,498	\$ 39,812	\$ 2,485,962
Liabilities							
Accounts payable	\$ 18,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,500
Due to other governments	294,854	-	121,019	7,053	-	-	422,926
Undistributed taxes - current levy	-	1,113,337	-	-	-	-	1,113,337
Undistributed taxes - other	117,099	-	-	-	-	-	117,099
Other undistributed receipts	675,179	-	3,611	-	95,498	39,812	814,100
Total liabilities	\$ 1,105,632	\$ 1,113,337	\$ 124,630	\$ 7,053	\$ 95,498	\$ 39,812	\$ 2,485,962

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>General Agency</u>				
Assets				
Cash and cash equivalents	\$ 1,132,456	\$ 8,541,058	\$ 8,567,882	\$ 1,105,632
Prepaid items	-	2,460	2,460	-
Total assets	\$ 1,132,456	\$ 8,543,518	\$ 8,570,342	\$ 1,105,632
Liabilities				
Accounts payable	\$ 1,381	\$ 7,495,545	\$ 7,478,426	\$ 18,500
Due to other governments	375,705	5,844,255	5,925,106	294,854
Undistributed taxes - other	105,516	290,276	278,693	117,099
Other undistributed receipts	649,854	2,429,572	2,404,247	675,179
Total liabilities	\$ 1,132,456	\$ 16,059,648	\$ 16,086,472	\$ 1,105,632
<u>Current Tax Collection</u>				
Assets				
Cash and cash equivalents	\$ 964,033	\$ 130,173,390	\$ 130,024,086	\$ 1,113,337
Liabilities				
Accounts payable	\$ -	\$ 40,054,047	\$ 40,054,047	\$ -
Undistributed taxes - current levy	964,033	86,806,167	86,656,863	1,113,337
Total liabilities	\$ 964,033	\$ 126,860,214	\$ 126,710,910	\$ 1,113,337

continued...

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Imprest Payroll</u>				
Assets				
Cash and cash equivalents	\$ 124,268	\$ 33,071,036	\$ 33,070,674	\$ 124,630
Liabilities				
Accounts payable	\$ 11,136	\$ 2,661,631	\$ 2,672,767	\$ -
Due to other governments	111,719	9,083,429	9,074,129	121,019
Other undistributed receipts	1,413	22,177,164	22,174,966	3,611
Total liabilities	\$ 124,268	\$ 33,922,224	\$ 33,921,862	\$ 124,630
<u>Penal Fines</u>				
Assets				
Cash and cash equivalents	\$ 10,999	\$ 1,596,658	\$ 1,600,604	\$ 7,053
Liabilities				
Due to other governments	\$ 10,999	\$ 1,675,345	\$ 1,679,291	\$ 7,053
<u>Escheats Probate Court</u>				
Assets				
Cash and cash equivalents	\$ 16,507	\$ 112,682	\$ 33,691	\$ 95,498
Liabilities				
Other undistributed receipts	\$ 16,507	\$ 112,682	\$ 33,691	\$ 95,498

continued...

COUNTY OF MONROE, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Clearing Account</u>				
Assets				
Cash and cash equivalents	\$ 22,534	\$ 316,723,468	\$ 316,706,190	\$ 39,812
Liabilities				
Other undistributed receipts	\$ 22,534	\$ 100,176	\$ 82,898	\$ 39,812
<u>Total Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 2,270,797	\$ 490,218,292	\$ 490,003,127	\$ 2,485,962
Prepaid items	-	2,460	2,460	-
Total assets	\$ 2,270,797	\$ 490,220,752	\$ 490,005,587	\$ 2,485,962
Liabilities				
Accounts payable	\$ 12,517	\$ 50,211,223	\$ 50,205,240	\$ 18,500
Due to other governments	498,423	16,603,029	16,678,526	422,926
Undistributed taxes - current levy	964,033	86,806,167	86,656,863	1,113,337
Undistributed taxes - other	105,516	290,276	278,693	117,099
Other undistributed receipts	690,308	24,819,594	24,695,802	814,100
Total liabilities	\$ 2,270,797	\$ 178,730,289	\$ 178,515,124	\$ 2,485,962

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS**

COUNTY OF MONROE, MICHIGAN
Comparative Schedule of Capital Assets Used in the
Operation of Governmental Funds by Source
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Capital assets used in governmental funds :		
Land and improvements	\$ 918,878	\$ 832,200
Buildings and improvements	57,910,015	49,625,501
Machinery and equipment	15,135,215	13,349,470
Vehicular equipment	2,285,794	2,244,525
	<hr/>	<hr/>
Total capital assets used in governmental funds	<u>\$ 76,249,902</u>	<u>\$ 66,051,696</u>
Capital assets used in governmental funds by source:		
General fund	\$ 10,415,763	\$ 10,230,751
Special revenue funds	7,076,885	6,389,670
Capital projects funds	58,757,254	49,431,275
	<hr/>	<hr/>
Total capital assets used in governmental funds	<u>\$ 76,249,902</u>	<u>\$ 66,051,696</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF MONROE, MICHIGAN
Schedule of Capital Assets Used in the
Operation of Governmental Funds
By Function and Activity
December 31, 2007

	Land and Improvements	Buildings and Improvements	Machinery and Equipment	Vehicular Equipment	Total
General government					
District Court	\$ -	\$ 243,422	\$ 195,494	\$ 21,639	\$ 460,555
Clerk/Register of Deeds	-	-	196,435	-	196,435
General Services Administration	233,323	16,750,886	3,590,833	109,156	20,684,198
Total general government	233,323	16,994,308	3,982,762	130,795	21,341,188
Public safety					
Law Enforcement and Corrections - Sheriff	-	19,010,482	1,681,868	1,673,908	22,366,258
Youth Center	-	1,457,297	42,865	16,400	1,516,562
Emergency Management Division	-	590,009	1,868,567	-	2,458,576
Central Dispatch	-	3,902,394	7,409,334	46,263	11,357,991
Animal Control Division	-	502,818	-	98,409	601,227
Total public safety	-	25,463,000	11,002,634	1,834,980	38,300,614
Public works - Drain Commissioner	-	-	8,189	22,802	30,991
Health and welfare					
Public Health Department	-	2,418,904	42,980	123,942	2,585,826
Community Mental Health	-	2,807,326	-	-	2,807,326
Fairview Infirmary	-	1,459,889	-	-	1,459,889
Total health and welfare	-	6,686,119	42,980	123,942	6,853,041
Community and economic development	-	-	38,764	-	38,764
Culture and recreation					
Historical Commission	-	2,024,782	-	10,580	2,035,362
Parks and Recreation	685,555	2,486,474	59,886	162,695	3,394,610
Library System	-	4,255,332	-	-	4,255,332
Total culture and recreation	685,555	8,766,588	59,886	173,275	9,685,304
Total capital assets used in governmental funds	\$ 918,878	\$ 57,910,015	\$ 15,135,215	\$ 2,285,794	\$ 76,249,902

COUNTY OF MONROE, MICHIGAN
Schedule of Changes in Capital Assets Used in the
Operation of Governmental Funds
By Function and Activity
For the Year Ended December 31, 2007

	Beginning Balance	Additions	Deletions	Ending Balance
General government				
District Court	\$ 439,675	\$ 20,880	\$ -	\$ 460,555
Clerk/Register of Deeds	196,435	-	-	196,435
General Services Administration	19,809,545	1,047,211	172,558	20,684,198
Total general government	20,445,655	1,068,091	172,558	21,341,188
Public safety				
Law Enforcement and Corrections - Sheriff	22,342,591	306,503	282,836	22,366,258
Youth Center	1,369,502	147,060	-	1,516,562
Emergency Management Division	2,266,410	207,910	15,744	2,458,576
Central Dispatch	6,910,326	4,447,665	-	11,357,991
Animal Control Division	551,486	49,741	-	601,227
Total public safety	33,440,315	5,158,879	298,580	38,300,614
Public works - Drain Commissioner	38,784	-	7,793	30,991
Health and welfare				
Public Health Department	2,496,028	89,798	-	2,585,826
Community Mental Health	2,568,288	239,038	-	2,807,326
Fairview Infirmary	1,459,889	-	-	1,459,889
Total health and welfare	6,524,205	328,836	-	6,853,041
Planning and development	38,764	-	-	38,764
Culture and recreation				
Historical Commission	1,963,902	71,460	-	2,035,362
Parks and Recreation	945,147	2,449,463	-	3,394,610
Library System	2,654,924	1,600,408	-	4,255,332
Total culture and recreation	5,563,973	4,121,331	-	9,685,304
Total capital assets used in governmental funds	\$ 66,051,696	\$ 10,677,137	\$ 478,931	\$ 76,249,902

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**DRAIN
COMPONENT UNIT**

COUNTY OF MONROE, MICHIGAN
Statement of Net Assets / Governmental Funds Balance Sheet
Drain Commission Component Unit
December 31, 2007

	Debt Service	Capital Projects			Total	Adjustments	Statement of Net Assets
	Special Drain	Drain	Special Drain	Drain Revolving			
Assets							
Cash and cash equivalents	1	\$ 1,947,515	\$ 305,921	\$ 292	\$ 2,253,729	\$ -	\$ 2,253,729
Special assessments receivable	128,020	724,774	-	-	852,794	-	852,794
Unlevied special assessments	830,344	-	-	-	830,344	-	830,344
Due from other funds	7,580	25,000	-	628,693	661,273	(661,273)	-
Capital assets, net	-	-	-	-	-	24,078,299	24,078,299
Total assets	\$ 965,945	\$ 2,697,289	\$ 305,921	\$ 628,985	\$ 4,598,140	\$ 23,417,026	\$ 28,015,166
Liabilities							
Accounts payable	163	\$ 7,860	\$ -	\$ 3,985	\$ 12,008	\$ -	\$ 12,008
Due to other funds	-	636,273	-	25,000	661,273	(661,273)	-
Interest payable	-	-	-	-	-	19,078	19,078
Advance from primary government	-	-	-	600,000	600,000	-	600,000
Deferred revenue	954,600	851,639	-	-	1,806,239	(1,806,239)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	605,100	605,100
Due beyond one year	-	-	-	-	-	870,000	870,000
Total liabilities	954,763	1,495,772	-	628,985	3,079,520	(973,334)	2,106,186
Fund balances							
Unreserved, undesignated	11,182	1,201,517	305,921	-	1,518,620	(1,518,620)	-
Total fund balances	11,182	1,201,517	305,921	-	1,518,620	(1,518,620)	-
Total liabilities and fund balances	\$ 965,945	\$ 2,697,289	\$ 305,921	\$ 628,985	\$ 4,598,140		
Net assets							
Invested in capital assets, net of related debt						22,603,199	22,603,199
Restricted for debt service						946,704	946,704
Restricted for construction						2,359,077	2,359,077
Total net assets						\$ 25,908,980	25,908,980
Total liabilities and net assets						\$ 28,015,166	\$ 28,015,166

COUNTY OF MONROE, MICHIGAN
Statement of Activities / (Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Drain Commission Component Unit
For the Year Ended December 31, 2007

	Debt Service	Capital Projects			Total	Adjustments	Statement of Activities
	Special Drain	Drain	Special Drain	Drain Revolving			
Revenues							
Special assessments	\$ -	\$ 451,874	\$ -	\$ -	\$ 451,874	\$ 167,991	\$ 619,865
Charges for services	-	53,714	-	-	53,714	-	53,714
Interest revenue	-	113,409	12,406	-	125,815	-	125,815
Total revenues	-	618,997	12,406	-	631,403	167,991	799,394
Expenditures/Expenses							
Debt service:							
Principal	311,100	-	-	-	311,100	(311,100)	-
Interest and fiscal charges	61,700	-	-	-	61,700	8,727	70,427
Public works	-	510,970	298,387	-	809,357	496,236	1,305,593
Total expenditures/expenses	372,800	510,970	298,387	-	1,182,157	193,863	1,376,020
Revenues over (under) expenditures/expenses	(372,800)	108,027	(285,981)	-	(550,754)	(25,872)	(576,626)
Other financing sources (uses)							
Transfers in	372,619	47,458	-	-	420,077	(420,077)	-
Transfers (out)	-	(372,618)	(47,458)	-	(420,076)	420,076	-
Proceeds from drain notes	-	-	582,500	-	582,500	(582,500)	-
Total other financing sources (uses)	372,619	(325,160)	535,042	-	582,501	(582,501)	-
Capital Contributions							
Developer contributions	-	-	-	-	-	-	-
Change in fund balances / net assets	(181)	(217,133)	249,061	-	31,747	(608,373)	(576,626)
Fund balances / net assets, beginning of year	11,363	1,418,650	56,860	-	1,486,873	24,998,733	26,485,606
Fund balances / net assets, end of year	\$ 11,182	\$ 1,201,517	\$ 305,921	\$ -	\$ 1,518,620	\$ 24,390,360	\$ 25,908,980

STATISTICAL SECTION

This part of the County of Monroe's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends (schedules 1 through 4)

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (schedules 5 through 8)

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity (schedules 9 through 11)

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (schedules 12 and 13)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (schedules 14 through 16)

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

MONROE COUNTY
Net Assets by Component
Last Six Years (A)
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 31,168,752	\$ 25,272,494	\$ 19,321,982	\$ 20,584,332	\$ 24,232,587	\$ 22,683,387
Restricted	2,243,437	2,413,275	5,742,120	5,157,304	8,095,270	8,415,893
Unrestricted	37,094,267	10,862,697	27,108,655	32,714,604	38,137,043	35,563,105
Total governmental activities net assets	<u>\$ 70,506,456</u>	<u>\$ 38,548,466</u>	<u>\$ 52,172,757</u>	<u>\$ 58,456,240</u>	<u>\$ 70,464,900</u>	<u>\$ 66,662,385</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 27,433	\$ 74,045	\$ 48,833	\$ 31,393	\$ 24,148	\$ 21,331
Unrestricted	6,499,350	6,723,144	6,689,342	8,431,906	8,579,254	9,317,362
Total business-type activities net assets	<u>\$ 6,526,783</u>	<u>\$ 6,797,189</u>	<u>\$ 6,738,175</u>	<u>\$ 8,463,299</u>	<u>\$ 8,603,402</u>	<u>\$ 9,338,693</u>
Primary government						
Invested in capital assets, net of related debt	\$ 31,196,185	\$ 25,346,539	\$ 19,370,815	\$ 20,615,725	\$ 24,256,735	\$ 22,704,718
Restricted	2,243,437	2,413,275	5,742,120	5,157,304	8,095,270	8,415,893
Unrestricted	43,593,617	17,585,841	33,797,997	41,146,510	46,716,297	44,880,467
Total primary government net assets	<u>\$ 77,033,239</u>	<u>\$ 45,345,655</u>	<u>\$ 58,910,932</u>	<u>\$ 66,919,539</u>	<u>\$ 79,068,302</u>	<u>\$ 76,001,078</u>

(A) - Monroe County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly, data prior to 2002 is not available.

Source: Monroe County Finance Department

MONROE COUNTY
Changes in Net Assets
Last Six Years (A)
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 18,164,870	\$ 17,810,280	\$ 17,781,908	\$ 18,692,546	\$ 18,404,915	\$ 21,715,114
Public safety	24,910,624	24,035,943	27,174,720	27,191,465	28,641,779	32,729,974
Public works	158,600	518,335	638,423	1,076,479	1,346,748	680,074
Health and welfare	10,443,789	11,515,050	11,166,659	11,104,236	12,096,024	14,264,277
Community and economic development	802,985	734,342	832,725	721,829	679,131	837,872
Recreation and culture	5,771,465	641,762	559,637	593,013	626,794	663,104
Other activities	70,755	829,875	1,109,005	1,098,830	-	-
Interest on long-term debt	589,087	508,342	470,727	435,690	337,307	557,314
Total governmental activities expenses	60,912,175	56,593,929	59,733,804	60,914,088	62,132,698	71,447,729
Business-type activities:						
Delinquent tax	32,588	99,116	-	102,933	182,571	164,815
Equipment rental	138,497	99,689	270,452	227,823	208,652	265,936
Printing	147,985	157,643	165,297	161,890	155,215	171,745
Engineering	90,877	99,363	98,410	99,067	112,874	127,202
Inmate Commissary	37,123	49,655	37,046	38,791	22,500	26,721
Revolving loan	-	-	-	11,086	252,843	118,596
Total business-type activities expenses	447,070	505,466	571,205	641,590	934,655	875,015
Total primary government expenses	61,359,245	57,099,395	60,305,009	61,555,678	63,067,353	72,322,744
Program revenues						
Governmental activities:						
Charges for services:						
General government	4,311,770	6,556,146	5,670,054	6,076,183	5,807,235	5,697,499
Public safety	5,959,351	6,202,635	2,063,039	2,198,258	2,273,765	1,882,605
Health and welfare	1,833,578	1,997,615	1,600,143	1,420,800	1,388,373	1,621,553
Community and economic development	49,288	31,706	31,117	13,928	59,666	19,849
Recreation and culture	259,468	7,465	4,022	2,361	522,040	5,435
Other activities	-	-	-	471,903	-	-
Operating grants and contributions	10,518,822	10,650,357	16,235,565	14,982,978	16,465,868	16,722,341
Capital grants and contributions	693	137,456	5,965,098	-	96,320	863,206
Total governmental activities program revenues	22,932,970	25,583,380	31,569,038	25,166,411	26,613,267	26,812,488
Business-type activities:						
Charges for services:						
Delinquent tax	-	-	1,083,871	1,389,228	1,502,971	1,921,541
Equipment rental	185,006	120,264	239,052	215,777	205,795	247,199
Imaging services	148,042	156,910	154,205	142,687	102,605	97,813
Engineering	43,568	84,527	106,033	105,060	100,024	87,856
Inmate commissary	53,602	55,896	52,344	59,202	59,985	59,080
Revolving loan	-	-	-	6,753	376,787	175,991
Total business-type activities program revenues	430,218	417,597	1,635,505	1,918,707	2,348,167	2,589,480
Total primary government program revenues	23,363,188	26,000,977	33,204,543	27,085,118	28,961,434	29,401,968
Net (Expense)/Revenue						
Government activities	(37,979,205)	(31,010,549)	(28,164,766)	(35,747,677)	(35,519,431)	(44,635,241)
Business-type activities	(16,852)	(87,869)	1,064,300	1,277,117	1,413,512	1,714,465
Total primary government net expense	(37,996,057)	(31,098,418)	(27,100,466)	(34,470,560)	(34,105,919)	(42,920,776)

Continued...

MONROE COUNTY
Changes in Net Assets (Concluded)
Last Six Fiscal Years (A)
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007
General Revenues						
Governmental activities:						
Property taxes	\$ 30,902,856	\$ 27,672,966	\$ 36,717,917	\$ 38,059,005	\$ 41,085,203	\$ 33,743,806
Unrestricted grants and contributions	3,768,647	2,597,140	2,592,308	3,367,087	2,875,071	3,181,874
Rents and other revenue	3,627,274	1,161,546	676,881	-	-	-
Investment earnings	808,397	587,589	502,858	1,077,198	2,212,567	2,872,051
Transfers	(1,171,789)	1,106,902	1,130,883	1,145,000	1,330,250	1,035,000
Total governmental activities	<u>37,935,385</u>	<u>33,126,143</u>	<u>41,620,847</u>	<u>43,648,290</u>	<u>47,503,091</u>	<u>40,832,731</u>
Business-type activities:						
Unrestricted grants and contributions	1,038,224	966,672	-	-	-	-
Rents and other revenue	3,689	-	-	-	-	-
Investment earnings	-	34,692	7,566	40,945	56,841	55,826
Transfers	(782,930)	(1,106,902)	(1,130,883)	(1,145,000)	(1,330,250)	(1,035,000)
Total business-type activities	<u>258,983</u>	<u>(105,538)</u>	<u>(1,123,317)</u>	<u>(1,104,055)</u>	<u>(1,273,409)</u>	<u>(979,174)</u>
Total primary government	<u>38,194,368</u>	<u>33,020,605</u>	<u>40,497,530</u>	<u>42,544,235</u>	<u>46,229,682</u>	<u>39,853,557</u>
Change in Net Assets						
Government activities	(43,820)	2,115,594	13,456,081	7,900,613	11,983,660	(3,802,510)
Business-type activities	<u>242,131</u>	<u>(193,407)</u>	<u>(59,017)</u>	<u>173,062</u>	<u>140,103</u>	<u>735,291</u>
Total primary government	<u>\$ 198,311</u>	<u>\$ 1,922,187</u>	<u>\$ 13,397,064</u>	<u>\$ 8,073,675</u>	<u>\$ 12,123,763</u>	<u>\$ (3,067,219)</u>

(A) - Monroe County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly, data prior to 2002 is not available.

Source: Monroe County Finance Department

MONROE COUNTY
Fund Balances - Governmental Funds
Last Six Years (A)
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund						
Reserved	\$ 934,307	\$ 989,833	\$ 936,648	\$ 899,437	\$ 822,978	\$ 1,292,570
Unreserved	<u>7,565,188</u>	<u>8,196,377</u>	<u>8,686,349</u>	<u>8,856,487</u>	<u>9,067,005</u>	<u>8,069,017</u>
Total general fund	<u>\$ 8,499,495</u>	<u>\$ 9,186,210</u>	<u>\$ 9,622,997</u>	<u>\$ 9,755,924</u>	<u>\$ 9,889,983</u>	<u>\$ 9,361,587</u>
All Other Governmental Funds						
Reserved	\$ 2,258,176	\$ 2,865,794	\$ 1,941,891	\$ 2,264,850	\$ 1,672,162	\$ 1,873,039
Unreserved, reported in:						
Special revenue funds	9,569,258	7,763,742	15,935,628	21,079,048	26,541,713	24,215,062
Debt service funds	-	-	1,020,864	497,918	1,333,816	805,640
Capital projects funds	<u>2,172,996</u>	<u>2,048,154</u>	<u>1,991,284</u>	<u>2,819,189</u>	<u>4,738,096</u>	<u>6,133,298</u>
Total all other governmental funds	<u>\$ 14,000,430</u>	<u>\$ 12,677,690</u>	<u>\$ 20,889,667</u>	<u>\$ 26,661,005</u>	<u>\$ 34,285,787</u>	<u>\$ 33,027,039</u>

(A) - Monroe County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Accordingly, data prior to 2002 is not available.

Source: Monroe County Finance Department

MONROE COUNTY
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 25,198,929	\$ 25,290,631	\$ 26,376,794	\$ 29,171,134	\$ 30,489,470	\$ 27,672,966	\$ 36,717,917	\$ 38,059,005	\$ 42,484,704	\$ 32,391,434
Licenses and permits	504,321	506,205	508,910	515,211	518,553	536,555	584,690	558,533	571,509	555,672
Intergovernmental and local units	14,396,605	14,722,761	17,510,610	14,737,989	15,773,253	14,841,696	22,200,448	14,982,978	15,162,687	18,937,918
Charges for services	5,905,406	5,745,034	7,035,495	7,644,348	9,208,073	10,000,720	7,796,951	7,897,298	7,775,265	7,749,614
Fines and forfeits	1,400,404	1,793,627	1,697,437	1,784,057	1,841,398	942,842	986,734	894,199	1,008,840	752,416
Interest and rents	1,894,748	2,348,353	2,913,337	2,338,658	1,411,801	1,211,256	1,150,719	1,858,056	2,810,910	2,944,410
Other revenue	1,566,359	1,314,056	2,060,649	2,110,074	2,342,901	2,367,781	2,592,523	3,367,087	2,875,071	3,181,874
Total revenues	50,866,772	51,720,667	58,103,232	58,301,471	61,585,449	57,573,816	72,029,982	67,617,156	72,688,986	66,513,338
Expenditures										
General government	13,989,369	14,134,248	15,057,940	15,986,061	16,633,427	16,892,573	17,246,547	18,046,823	18,361,741	19,995,038
Public safety	14,712,930	16,647,085	18,991,944	21,207,638	22,841,483	23,001,541	26,527,113	25,296,981	27,856,835	30,040,845
Public works	192,829	124,719	177,830	262,526	93,817	513,775	633,863	1,071,919	1,342,188	679,944
Health and welfare	10,038,282	9,784,292	9,889,347	10,627,030	10,278,297	11,369,139	11,128,600	11,934,932	12,137,928	14,205,552
Community and economic development	478,368	755,633	860,034	721,293	802,985	734,342	843,392	579,605	630,891	781,623
Recreation and culture	3,653,805	3,236,772	3,192,446	3,947,080	4,320,936	519,366	434,201	465,329	498,294	508,331
Other activities	466,495	11,702	68,673	33,123	70,755	1,100,877	1,109,005	1,102,073	58,943	78,012
Capital outlay	2,874,943	5,997,750	8,995,007	2,540,148	2,534,338	1,393,393	8,070,997	2,104,501	3,275,325	10,600,257
Principal	775,000	1,185,000	1,210,000	1,411,309	1,465,832	1,464,140	1,985,061	2,098,195	2,251,341	1,005,357
Interest	439,556	743,420	740,923	684,020	607,279	527,147	473,321	458,832	361,909	478,643
Total expenditures	47,621,577	52,620,621	59,184,144	57,420,228	59,649,149	57,516,293	68,452,100	63,159,190	66,775,395	78,373,602
Revenues over (under) expenditures	3,245,195	(899,954)	(1,080,912)	881,243	1,936,300	57,523	3,577,882	4,457,966	5,913,591	(11,860,264)
Other financing sources (uses)										
Issuance of debt	9,927,237	-	-	-	-	-	3,300,000	-	-	8,523,119
Transfers in	8,867,722	8,759,718	9,686,824	10,206,907	10,630,866	11,374,553	11,723,438	14,622,693	19,710,130	16,031,593
Transfers out	(9,601,340)	(9,529,577)	(10,433,035)	(11,028,372)	(11,190,894)	(9,497,831)	(9,952,555)	(12,837,693)	(17,864,880)	(14,481,593)
Total other financing sources (uses)	9,193,619	(769,859)	(746,211)	(821,465)	(560,028)	1,876,722	5,070,883	1,785,000	1,845,250	10,073,119
Net changes in fund balances	<u>\$ 12,438,814</u>	<u>\$ (1,669,813)</u>	<u>\$ (1,827,123)</u>	<u>\$ 59,778</u>	<u>\$ 1,376,272</u>	<u>\$ 1,934,245</u>	<u>\$ 8,648,765</u>	<u>\$ 6,242,966</u>	<u>\$ 7,758,841</u>	<u>\$ (1,787,145)</u>
Debt services as a percentage of noncapital expenditures	<u>2.8%</u>	<u>4.3%</u>	<u>4.0%</u>	<u>4.0%</u>	<u>3.8%</u>	<u>3.7%</u>	<u>4.2%</u>	<u>4.4%</u>	<u>4.3%</u>	<u>2.2%</u>

Source: Monroe County Finance Department

MONROE COUNTY
Assessed and Estimated True Cash Value of Taxable Property
Last Ten Years

Tax Year	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Developmental Property	Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated True Cash Value
1997	\$ 2,022,336,487	\$ 215,220,767	\$ 336,318,941	\$ 1,216,879,975	\$ 11,093,360	\$ 425,983,111	\$ 4,227,832,641	0.4898	\$8,505,370,813
1998	2,281,065,370	236,486,525	387,553,637	1,195,880,912	10,585,016	436,318,417	4,547,889,877	0.4890	9,130,912,500
1999	2,526,263,958	256,010,571	410,396,822	1,241,148,971	11,691,282	463,209,239	4,908,720,843	0.4884	9,855,358,768
2000	2,771,861,752	282,504,066	471,904,770	1,234,191,169	11,011,878	446,051,149	5,217,524,784	0.4884	10,475,156,705
2001	3,066,123,121	293,630,302	519,720,689	1,163,041,197	11,622,138	471,793,096	5,525,930,543	0.4877	11,112,871,803
2002	3,343,306,250	316,306,273	588,621,309	1,127,474,795	12,978,813	488,638,678	5,877,326,118	0.4840	11,823,516,893
2003	3,591,071,882	342,155,453	638,975,155	1,113,076,146	16,428,886	464,976,294	6,166,683,816	0.4856	12,412,251,677
2004	3,868,050,728	373,425,880	695,883,009	1,081,071,159	24,187,555	475,914,307	6,518,532,638	0.5000	13,110,642,494
2005	4,171,394,039	437,947,734	731,115,107	1,042,462,771	45,988,525	489,137,589	6,918,045,765	0.5000	13,926,131,767
2006	4,480,795,902	468,961,778	784,389,681	1,018,368,809	48,597,403	496,567,248	7,297,680,821	0.5000	14,691,790,857

Note: Residential, commercial and industrial values are calculated without tax-exempt values.

Note: Taxes levied in December 2006 are used to fund operations in fiscal year 2007.

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

MONROE COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of taxable value)

	Tax levy year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
County direct rates										
Operation	\$ 4.85	\$ 4.85	\$ 4.84	\$ 4.84	\$ 4.84	\$ 4.83	\$ 4.79	\$ 4.81	\$ 4.80	\$ 4.80
Jail bond	0.16	0.16	0.16	0.16	0.16	0.16	0.10	0.11	0.11	-
Senior citizen	0.49	0.49	0.49	0.49	0.49	0.49	0.48	0.49	0.50	0.50
Total direct rate	5.50	5.50	5.49	5.48	5.49	5.49	5.39	5.40	5.41	5.30
Overlapping rates										
Cities:										
Luna Pier	10.30	11.31	13.69	13.34	13.12	12.76	10.07	11.11	11.80	11.80
Milan	17.99	16.51	17.50	17.49	18.96	19.21	18.83	18.82	18.71	18.69
Monroe	14.53	14.48	14.75	15.32	15.32	15.33	15.34	15.46	15.80	15.88
Petersburg	22.91	22.57	21.96	21.10	23.94	21.38	21.57	20.34	20.71	20.12
Townships (average)	(A) 2.90	2.86	2.87	2.94	2.64	2.87	2.91	2.91	2.72	2.98
School districts (average)	(B) 26.53	26.65	26.43	27.08	27.51	27.41	25.99	26.97	26.80	27.01
Intermediate school districts (average)	(C) 4.23	4.20	4.14	4.40	4.38	4.72	4.69	4.92	4.89	4.89
Community college	2.20	2.20	2.20	2.20	2.20	2.19	2.18	2.19	2.18	2.18
Library	0.49	0.49	0.49	0.82	0.82	0.82	0.81	1.00	1.00	1.00
(A) - Rates range from:										
Low	0.86	0.85	0.78	0.77	0.76	0.75	0.74	0.73	0.71	0.70
High	6.99	7.01	6.97	7.94	7.84	8.44	9.33	9.39	7.66	9.68
(B) - Rates range from:										
Low	24.00	24.00	23.75	23.75	23.75	23.75	22.75	23.75	23.47	23.75
High	31.00	31.00	30.93	35.00	32.82	32.04	31.01	32.01	32.01	32.01
(C) - Rates range from:										
Low	2.00	2.00	1.99	1.98	1.98	3.46	3.06	4.04	3.46	3.46
High	6.69	6.68	6.61	7.71	7.64	7.55	7.49	7.41	7.34	7.34

Note: Taxes levied in December 2006 are used to fund operations in fiscal year 2007.

Source: Monroe County Equalization Office

MONROE COUNTY
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2007 tax levy			1998 tax levy		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Detroit Edison	\$ 809,390,406	1	11.09%	\$ 1,178,001,644	1	31.36%
Automotive Components Holding (formerly Visteon)	101,612,556	2	1.39%	100,559,120	2	2.68%
Consumers Energy Co.	82,400,633	3	1.13%	73,019,791	3	1.94%
Macsteel Monroe (formerly North Star)	28,469,390	4	0.39%	24,721,540	4	0.66%
Goodwill Co. (Meijer)	26,092,170	5	0.36%	17,705,690	8	0.47%
International Transmission Co.	25,032,205	6	0.34%	23,470,696	5	0.62%
Holman Inc. (Holcim)	22,003,563	7	0.30%	-	-	
Frenchtown Square	18,902,405	8	0.26%	-	-	
Aquila (formerly Michigan Gas Utilities)	17,941,718	9	0.25%	14,910,450	9	0.40%
Cabela'a	17,617,992	10	0.24%	-	-	
Utilicorp				19,239,648	6	0.51%
TWB/Worthington Steel				18,532,700	7	0.49%
Tenneco				11,118,300	10	0.30%
	<u>\$ 1,149,463,038</u>		<u>15.75%</u>	<u>\$ 1,481,279,579</u>		<u>39.43%</u>

Source: Monroe County Equalization Department.

MONROE COUNTY

Property Tax Levies and Collections

Last Ten Years

Tax levy Year	Adjusted Taxes Levied		Collected within the Fiscal Year of the Levy		Purchased by Tax Revolving Fund	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
1997	\$	21,919,008	\$ 20,965,852	95.65%	\$ 894,150	\$ 21,860,002	99.73%
1998		22,825,218	21,782,138	95.43%	971,848	22,753,986	99.69%
1999		23,832,810	22,789,054	95.62%	986,761	23,775,815	99.76%
2000		24,559,624	23,391,875	95.25%	1,080,464	24,472,339	99.64%
2001		25,683,425	24,480,552	95.32%	1,055,116	25,535,668	99.42%
2002		26,781,979	25,486,802	95.16%	1,167,505	26,654,307	99.52%
2003		27,147,744	25,754,590	94.87%	1,283,880	27,038,470	99.60%
2004		28,460,227	26,906,643	94.54%	1,432,657	28,339,300	99.58%
2005		29,799,298	28,389,285	95.27%	1,337,720	29,727,005	99.76%
2006		30,772,667	29,341,646	95.35%	1,350,458	30,692,104	99.74%

Note: Taxes levied in December 2006 are used to fund operations in fiscal year 2007.

Source: Monroe County Treasurer's Office

MONROE COUNTY
Ratios of Outstanding Debt by Type
Primary Government
Last Ten Years

Year	General Bonded Debt Outstanding			Other Governmental Activities Debt		Business Type Activities			Total Primary Government	% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying		Installment Loans	General Obligation Tax Notes	Installment Loans						
		Principal	Total									
1998	\$ 16,685,000	\$ (564,814)	\$ 16,120,186	\$ 614,400	\$ 1,000,000	\$ 135,595	\$ 17,870,181	0.42%	0.19%	\$ 124.65		
1999	15,500,000	(861,990)	14,638,010	343,220	2,186,000	100,407	17,267,637	0.36%	0.16%	119.16		
2000	14,290,000	(989,347)	13,300,653	247,173	717,000	62,685	14,327,511	0.31%	0.13%	97.80		
2001	12,980,000	(1,090,780)	11,889,220	144,370	-	18,552	12,052,142	0.28%	0.11%	81.47		
2002	11,620,000	(1,695,657)	9,924,343	-	-	-	9,924,343	0.23%	0.09%	66.51		
2003	10,230,000	(1,827,271)	8,402,729	-	-	-	8,402,729	0.18%	0.07%	55.69		
2004	8,575,000	(1,826,310)	6,748,690	2,969,939	-	-	9,718,629	0.15%	0.05%	63.75		
2005	7,095,000	(1,254,791)	5,840,209	2,351,743	-	-	8,191,952	0.12%	0.04%	53.22		
2006	5,485,000	(2,103,999)	3,381,001	-	-	-	3,381,001	0.07%	0.02%	21.81		
2007	13,745,000	(805,640)	12,939,360	-	-	-	12,939,360	0.26%	0.09%	84.24		

Source: Monroe County Finance Department

MONROE COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2007

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
DIRECT DEBT			
Building authority bonds	\$ 13,745,000	\$ -	\$ 13,745,000
Water bonds	35,880,000	35,880,000	-
Sewer bonds	15,220,000	15,220,000	-
Drain bonds	820,000	132,410	687,590
MTF notes/bonds (a)	<u>4,800,000</u>	<u>4,800,000</u>	<u>-</u>
Net direct debt	<u>\$ 70,465,000</u>	<u>\$ 56,720,000</u>	<u>14,432,590</u>
(a) No County credit pledged on \$2,4500,000.			
OVERLAPPING DEBT			
School Districts			92,371,207
Cities			19,998,654
Townships			53,262,844
Villages			<u>28,184,037</u>
Net overlapping debt			<u>193,816,742</u>
NET DIRECT AND OVERLAPPING DEBT			<u><u>\$ 208,249,332</u></u>

Source: Municipal Advisory Council of Michigan

MONROE COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2007

Assessed value (December 2006 levy)	\$ 7,297,583,331
Debt limit (10% of assessed value)	729,758,333
Debt applicable to limit:	
Long term debt including component units	72,307,545
Less: Amount set aside for repayment of general obligation debt	(1,854,937)
Total net debt applicable to limit	<u>70,452,608</u>
Legal debt margin	<u><u>\$ 659,305,725</u></u>

<u>Fiscal year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
1998	\$ 422,757,023	\$ 56,844,162	\$ 365,912,861	15.53%
1999	454,685,249	52,652,960	402,032,289	13.10%
2000	490,803,240	56,490,321	434,312,919	13.01%
2001	521,721,687	56,409,882	465,311,805	12.12%
2002	552,593,154	60,099,882	492,493,272	12.20%
2003	587,666,449	55,488,400	532,178,049	10.43%
2004	616,668,382	63,319,200	553,349,182	11.44%
2005	651,826,617	66,506,856	585,319,761	11.36%
2006	691,804,577	64,015,584	627,788,993	10.20%
2007	729,758,333	70,452,608	659,305,725	10.69%

Source: Monroe County Finance Department

MONROE COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1998	143,365	\$ 3,793,886	\$ 26,463	2.90%
1999	144,913	4,085,851	28,195	2.80%
2000	146,501	4,281,285	29,224	3.20%
2001	147,942	4,239,589	28,657	4.40%
2002	149,225	4,329,107	29,011	5.20%
2003	150,888	4,554,626	30,185	6.10%
2004	152,451	4,592,010	30,121	6.20%
2005	153,935	4,747,388	30,840	6.10%
2006	155,035	4,986,121	32,161	6.50%
2007	153,608	4,986,121 (a)	32,460	6.70%

(a) Updated data not available at the time of publication.

Sources: U.S. Census Bureau, U.S. Department of Commerce
Michigan Department of Career Development Employment Service Agency
Michigan Economic Development Corporation

MONROE COUNTY
Principal Employers

Employer	2007			1998		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Visteon Corp.	2,000	1	3.39%	1,400	2	2.58%
Detroit Edison Corp.	1,500	2	2.55%	1,480	1	2.72%
Mercy Memorial Hospital	1,300	3	2.21%	811	4	1.49%
Meijer Inc.	1,025	4	1.74%	900	3	1.66%
Monroe Public Schools	1,000	5	1.70%	803	5	1.48%
Monroe County	741	6	1.26%	786	6	1.45%
Bedford Public Schools	725	7	1.23%	515	7	0.95%
Cabela's	650	8	1.10%	-	-	0.00%
North Star Steel	500	9	0.85%	-	-	0.00%
Monroe Auto Equipment	500	9	0.85%	500	8	0.92%
Guardian Industries Corp.	500	9	0.85%	500	8	0.92%
La-Z-Boy Inc	500	9	0.85%	500	8	0.92%
	10,941		18.57%	8,195		15.08%

Source: Michigan Manufacturers Directory

MONROE COUNTY
Full-Time County Primary Government Employees by Function/Program
Last Ten Years

Function/Program	Full-time Employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Board of Commissioners	11.0	12.0	12.0	12.0	11.0	11.0	10.0	10.0	10.0	10.0
Circuit Court	8.0	8.0	6.4	11.6	6.4	8.6	6.4	6.4	5.6	4.8
District Court	46.0	45.0	47.0	45.2	48.0	48.0	48.0	48.0	48.0	48.0
Probate/Family Court	29.0	31.0	33.6	25.4	30.6	28.4	29.6	28.6	29.4	29.2
Administrator/CFO	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	6.2	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	6.0
County Clerk	21.0	22.0	22.0	22.0	23.0	23.0	19.0	19.0	19.9	19.0
Register of Deeds	-	-	-	-	-	-	3.0	3.0	3.0	3.0
Equalization	7.0	7.0	7.0	7.0	8.0	7.0	6.0	6.0	5.6	6.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Prosecuting Attorney	21.0	21.0	23.0	21.0	22.0	22.0	22.0	22.0	21.0	22.0
Retirement Board	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Treasurer	8.0	8.0	8.0	8.0	7.0	7.0	7.0	6.0	6.0	6.0
County Extension	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Information Services	2.0	3.5	5.5	4.5	7.5	7.5	6.5	6.5	5.5	5.5
Purchasing & Property Maintenance	20.8	19.0	18.0	19.0	19.0	19.0	18.0	19.0	16.0	16.0
Drain Commissioner	12.0	12.0	12.0	13.0	6.0	6.0	8.0	8.0	7.0	6.0
Parks maintenance	-	-	-	-	6.0	6.0	3.0	3.0	3.0	3.0
Friend of the Court	38.0	39.0	39.0	39.0	39.0	39.0	36.0	37.0	36.0	36.0
Public Safety										
Sheriff	101.0	100.0	102.0	110.0	110.0	108.0	106.0	113.0	111.0	111.0
Emergency Management	3.5	3.5	3.5	2.5	3.5	3.0	2.0	3.0	3.0	4.0
Animal Control	6.0	6.0	6.0	5.0	6.0	6.0	5.0	5.0	5.0	5.0
Jail/Corrections	53.0	91.0	99.0	95.0	95.0	97.0	98.0	89.0	88.0	88.0
Central Dispatch	18.0	24.0	25.0	25.0	25.0	25.0	24.0	24.0	24.0	24.5
Drug Court	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Juvenile Justice Programs	-	-	-	1.0	2.0	2.0	2.0	2.0	2.0	3.0
Youth Center	36.0	36.0	36.0	37.0	39.0	36.0	34.7	35.0	35.7	35.7
Health and Welfare										
Medical Examiner	1.1	0.9	0.1	1.0	0.1	0.1	0.1	0.1	0.1	0.1
Commission on Aging	1.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0	1.0	1.0
Veterans Services	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Public Health	45.4	42.7	40.8	41.4	35.0	33.8	30.3	26.6	25.4	24.4
Environmental Health	13.0	13.0	13.0	11.0	11.4	9.9	8.4	10.0	10.0	10.0
Fairview	10.0	10.0	10.0	10.0	10.0	10.0	8.7	9.3	8.7	8.7
Community and Economic Development										
Planning	7.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.0	6.0
Recreation and Cultural										
Historical Commission	6.0	6.0	6.0	6.0	6.0	6.0	4.7	4.7	4.3	4.7
Enterprise Activities										
Printing	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.0	2.0
Engineering	1.0	1.0	1.0	-	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>546.4</u>	<u>590.1</u>	<u>604.5</u>	<u>601.2</u>	<u>607.0</u>	<u>599.3</u>	<u>575.3</u>	<u>572.3</u>	<u>559.2</u>	<u>560.6</u>

Source: Monroe County Finance Department

MONROE COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
District Court cases	38,107	39,007	42,679	41,673	48,745	47,738	45,050	47,886	46,420	44,664
Circuit Court cases	4,995	5,308	5,587	5,536	5,103	4,944	5,115	4,943	5,129	4,856
Delinquent tax roll/ taxes returned delinquent	\$ 894,150	\$ 971,848	\$ 986,761	\$ 1,081,480	\$ 1,055,116	\$ 1,167,505	\$ 1,296,551	\$ 1,432,657	\$ 1,410,014	\$ 1,350,458
Public Safety										
Jail capacity	184	184	363	363	363	363	363	363	343	343
Certified Police Officers	75	93	93	93	93	93	93	93	96	96
Traffic infractions	26,317	25,374	30,623	29,195	35,262	32,990	31,371	32,338	28,104	25,325
Health										
Public Health:										
Vaccines administered	22,241	21,155	19,700	22,164	16,554	15,883	11,739	9,057	8,533	7,490
WIC average monthly caseload	2,833	2,682	NA	2,661	2,661	2,709	2,713	2,691	2,691	2,766
Maternal and Infant support clients	293	174	217	196	275	283	298	262	259	391
Senior Services:										
Client contacts (unduplicated count)	NA	NA	NA	NA	NA	NA	NA	NA	NA	9,334
Culture & Recreation										
County owned park acres	323	323	323	323	323	323	323	323	323	323

NA - information not available at time of report preparation

Source: Monroe County Finance Department, Monroe County Treasurer's Office, Monroe County Health Department, Monroe County Commission on Aging

MONROE COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Corrections facility capacities	184	184	363	363	363	363	363	363	343	343
Sheriff Patrol Vehicles	49	51	61	61	61	61	61	63	90	91
Animal Control vehicles	8	7	7	8	10	10	7	7	5	7
Marine Safety - Boats	4	4	4	4	4	4	4	4	4	4
Parks and recreation										
Park acreage	323	323	323	323	323	323	323	323	323	323
County parks	5	5	5	6	6	6	6	6	6	6
Service vehicles (trucks etc)	7	7	8	7	7	7	7	7	6	8
Buildings:										
Park Pavilions	10	10	10	10	10	10	10	10	12	12
Historical Commission Buildings	5	5	5	5	5	5	5	5	5	5
Public Health										
Inspection vehicles	4	4	4	4	4	4	5	6	6	8
Public Works										
Primary Road Miles	429	429	429	429	429	429	429	429	429	429
Local Road Miles	933	933	933	933	933	933	933	933	933	933
State Road Miles	165	165	165	165	165	165	165	165	165	165

Source: Monroe County Finance Department

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**COUNTY OF MONROE,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2007



REHMANN ROBSON

Certified Public Accountants

COUNTY OF MONROE, MICHIGAN SINGLE AUDIT

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COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program			
U.S.D.A. Food Distribution - Entitlement Commodities	10.550	-n/a-	\$ 2,021
Passed-through the Michigan Department of Education			
School Breakfast Program	10.553	58-000-8001	14,489
National School Lunch Program	10.555	58-000-8001	22,243
Passed-through the Michigan Department of Community Health			
Women, Infants and Children:			
2006/2007	10.557	20070345	285,489
2007/2008	10.557	20080791-0	93,306
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance			
State Administration Matching Grants for Food Stamp Program:			
Jan to Sept 07	10.561	04-02-0004	65,528
Oct to Dec 07	10.561	04-02-0004	26,589
Passed-through the Farm Service Agency			
Conservation Reserve Program	10.069	0286	<u>4,908</u>
Total U.S. Department of Agriculture			<u>514,573</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through the Michigan Economic Development Corporation			
Community Development Block Grant/State's Program	14.228	MSC-205024-EDPA	25,000
Community Development Block Grant/State's Program	14.228	MSC 204001-EDIG	13,825
Passed-through the Michigan State Housing Development Authority			
Community Development Block Grant/State's Program	14.228	MSC-2007-0780-HOA	<u>118,430</u>
Total U.S. Department of Housing and Urban Development			<u>157,255</u>
U.S. DEPARTMENT OF THE INTERIOR - NATIONAL PARKS SERVICE			
Passed-through the Michigan Department of Natural Resources			
Outdoor Recreation, Acquisition, Development and Planning	15.916	05-048	<u>13,680</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJBX-0007	818
Bulletproof Vest Partnership Program Zylon Replacement	16.607	-n/a-	4,357
Public Safety Partnership and Community Policing Grant:			
COPS Secure our Schools	16.710	2006CKWX0639	54,888

continued...

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF JUSTICE (concluded)			
Passed-through the Michigan Family Independence Agency:			
Juvenile Accountability Incentive Block Grant:			
2006/2007	16.523	JAIBG-06-58001	\$ 3,040
2007/2008	16.523	JAIBG-07-58001	9,125
Juvenile Justice and Delinquency Prevention - Active Balanced Community Initiative	16.540	JBRC 05-58001-3	<u>57,018</u>
Total U.S. Department of Justice			<u>129,246</u>
U.S. DEPARTMENT OF LABOR			
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance:			
Employment Service:			
2007/2008	17.207	07-02-004	98,858
2006/2007	17.207	06-02-0004	136,983
Employment Service - TAA/NAFTA:			
2007/2008	17.207	07-02-004	11,886
2006/2007	17.207	06-02-0004	-
WIA Adult Program:			
2007/2008	17.258	07-02-004	117,442
2006/2007	17.258	06-02-0004	118,017
WIA Adult Core Program:			
2006/2007	17.258	06-02-0004	24,517
WIA Dislocated Worker Program:			
2007/2008	17.260	07-02-004	182,496
2006/2007	17.260	06-02-0004	<u>273,347</u>
Total U.S. Department of Labor			<u>963,546</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed-through Michigan Office of Highway Safety Planning			
State and Community Highway Safety:			
Traffic Enforcement Vehicle	20.600	AL-06-07	10,865
Safe Communities Grant	20.600	PT-08-25	11,822
Enforcement Grant (Drive Michigan Safely)	20.600	PT-07-09	<u>62,758</u>
Total U.S. Department of Transportation			<u>85,445</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Michigan Department of Environmental Quality:			
Beach Monitoring	66.472	-n/a-	3,895
Clean Air Act - Indoor Air Quality	66.034	-n/a-	5,000
Capitalization Grants - Drinking Water Revolving Funds	66.468	-n/a-	300
Operators of Small Water Systems Certification and Training	66.471	-n/a-	<u>4,200</u>
Total U.S. Environmental Protection Agency			<u>13,395</u>

continued...

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through the Michigan Department of Human Services:			
Child Support Enforcement:			
Title IV Incentive Payments -	93.563	na	\$ 376,344
Friend of the Court/Prosecutor combined:			
2006/2007	93.563	CS/COM-07-58003	1,273,918
2007/2008	93.563		407,986
Foster Care Title IV-E	93.658	PROFC-05-58001-3	13,861
Passed-through the Michigan Department of Labor and Economic Growth and Southeast Michigan Community Alliance (SEMCA)			
Temporary Assistance for Needy Families:			
Work First Program			
Jan to Sept 07	93.558	04-02-0004	598,258
Oct to Dec 07	93.558	04-02-0004	246,949
Reed Act			
Jan to Sept 07	93.558	04-02-0004	11,425
Oct to Dec 07	93.558	04-02-0004	25,273
Passed-through the Michigan Department of Community Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	20070854	40,726
Family Planning Services:			
2006/2007	93.217	20070345	66,380
2007/2008	93.217	20080791-0	20,457
Immunization Grants:			
Federally Supplied Vaccines	93.268	na	1,012,774
VFC, AFIX and Nurse Training 06/07	93.268	20070345	4,600
VFC, AFIX and Nurse Training 07/08	93.268	20080791-0	1,050
Central Vaccine	93.268	20080791-0	4,866
Immunization Assessment:			
2006/2007	93.268	20070345	42,033
2007/2008	93.268	20080791-0	14,462
Center for Disease Control & Prevention - Investigations and Technical Assistance:			
2006/2007	93.283	20070345	194,653
2007/2008	93.283	20080791-0	46,604
Childhood Expulsion Grant	93.575	2071312	40,672
CTF Support Grant	93.590	CTFDS-06-58002	37,280
Medical Assistance Program:			
CSHCS Case Management Services:			
2006/2007	93.778	20070345	13,538
2007/2008	93.778	20080791-0	4,449
CSHCS Care Coordination:			
2006/2007	93.778	20070345	27,370
2007/2008	93.778	20080791-0	10,847
OBRA - PASSAR	93.778	20062888	23,080

continued...

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grant Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (concluded)			
Medicaid outreach:			
2006/2007	93.778	20070345	\$ 93,655
2007/2008	93.778	20080791-0	16,049
HIV Prevention Activities - Health Department Based:			
2006/2007	93.940	20070345	1,138
2007/2008	93.940	20080791-0	510
Community Mental Health Services Block Grant:			
Peer Support Specialists	93.958	20071335-01	20,761
Therapeutic Foster Care	93.958	20071335-01	35,739
Maternal and Child Health Services Block Grant:			
Local Maternal and Child Health			
2006/2007	93.994	20070345	47,989
2007/2008	93.994	20080791-0	16,041
Family Planning/Pregnancy Provention			
2006/2007	93.994	20070345	13,402
CSHCS Case Management Services			
2006/2007	93.994	20070345	8,566
2007/2008	93.994	20080791-0	2,919
Total U.S. Department of Health and Human Services			<u>4,816,624</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-through Michigan Department of State Police:			
State Domestic Preparedness Equipment Support Program:			
2005 State Homeland Security Program	97.067	-n/a-	277,324
2005 State Homeland Security Program - Law Enforcement Terrorism Prevention	97.067	n/a	124,499
Emergency Management Performance Grants	97.042	n/a	26,091
Passed-through Michigan Department of State Police and Oakland County:			
State Domestic Preparedness Equipment Support Program:			
2006 Homeland Security Grant UASI Region - Monroe County Radio Tower	97.067	n/a	849,526
2006 Homeland Security Grant UASI Region - Solution Area Planners	97.067	-n/a-	65,077
2006 Homeland Security Grant UASI Region - Administration	97.067	-n/a-	17,704
2006 Homeland Security Grant UASI Region - Training	97.067	-n/a-	17,988
Total U.S. Department of Homeland Security			<u>1,378,209</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,071,973</u>

The accompanying notes are an integral part of this schedule

COUNTY OF MONROE, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Monroe, Michigan (the "County") and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 19, 2008

To the Board of Commissioners
of the County of Monroe
Monroe, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Monroe County, Michigan*, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. We did not audit the financial statements of the Monroe County Road Commission, Monroe County Library System and Monroe County Agency that collectively represent 86.3% of the assets and 64.4% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Monroe County Road Commission and Monroe County Library System were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described in the accompanying schedule of findings and questioned costs is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Monroe County in a separate letter dated June 13, 2008.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

June 19, 2008

To the Board of Commissioners
of the County of Monroe
Monroe, Michigan

Compliance

We have audited the compliance of *Monroe County, Michigan* (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-2 and 2007-3.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 13, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Monroe County Road Commission, Monroe County Library System and Monroe County Agency that collectively represent 86.3% of the assets and 64.4% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe County Road Commission, Monroe County Library System and Monroe County Agency, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

X yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

X yes _____ no

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement
97.067	Homeland Security Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

2007-1 Significant Audit Adjustments

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition/Finding: During our audit, we identified and proposed five adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements. These adjustments included corrections for self-insurance incurred but not reported claims payable, bond discount, federal revenue and accrued taxes receivable.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances.

COUNTY OF MONROE, MICHIGAN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2007

2007 -1 Significant Audit Adjustments (Concluded)

Effect: As a result the following areas were initially misstated:

- Self-insurance incurred but not reported (IBNR) claims were understated in various funds by \$720,000
- Bond discount was understated in the capital projects fund by approximately \$77,000
- Federal revenue and receivables were understated by \$113,425 in the general fund.
- Taxes receivable in various funds was overstated by approximately \$570,000.

Recommendation/
Comment: We recommend that the County take steps to insure that all year end adjustments are identified and properly made for financial reporting purposes.

View of
Responsible
Official: The County will implement this recommendation immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2007-2 Revenue Recognition
97.067 Homeland Security Grant

Criteria: Revenue should be accrued or recognized when the related expenditures are incurred; at a minimum these accruals should be recorded at year end.

Condition/Finding: Revenues were not accrued at year end to match the expenditures that had been incurred.

Cause: Internal communication problem between emergency management and accounting regarding proper accounting for grants.

Effect: Revenue and receivables for the Homeland Security Grants were understated by \$113,425.

Recommendation/
Comment: The County should prepare year end grant tie out analysis to ensure proper accrual or deferral of grant revenue at year end.

View of
Responsible
Officials: The County will implement this recommendation immediately.

COUNTY OF MONROE, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2007

2007-3 Suspension and Debarment 97.067 Homeland Security Grant

Criteria: The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred...the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.”

Condition/Finding: When entering into covered transactions, the County has not verified suspension or debarment and/or has not maintained documentation of such verification.

Cause: The County did not know that suspension and debarment was a requirement of the grant.

Effect: Suspension and debarment was not determined for all vendors.

Recommendation/
Comment: We recommend that the County ensure that all vendors paid with Homeland Security federal dollars be checked for suspension and debarment.

View of
Responsible
Officials: The County will implement this recommendation immediately.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

2006-1 Allocation and Certification of Payroll Expenditures

During the year ended December 31, 2007, management implemented actual tracking of time on a weekly basis through signed employee timesheets.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**



June 19, 2008

To the Board of Commissioners
of Monroe County
Monroe, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Monroe County (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 19, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated January 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the *County's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the *County's* compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the *County's* compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the *County's* compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 25, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the *County* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Self-insurance incurred but not reported (IBNR) claims were understated in various funds by \$720,000
- Bond discount was understated in the capital projects fund by approximately \$77,000
- Federal revenue and receivables were understated by \$113,425 in the general fund.
- Taxes receivable in various funds was overstated by approximately \$570,000.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the *County* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

Monroe County
Comments and Recommendations
For the Year Ended December 31, 2007

In planning and performing our audit of the financial statements of Monroe County as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Other Matters

Property Tax Revenue Accounts

To enhance internal controls over financial reporting and to facilitate standard audit inquiries, the County should prepare a reconciliation of its property tax revenues, receivable and deferral in a manner that recalculates these accounts based on adjusted taxable values and actual collections through year end and sixty days later (for accrual purposes).

Monroe County
Comments and Recommendations
For the Year Ended December 31, 2007

Information Technology Controls

Passwords. Passwords in the accounting application are not changed on a regular basis. In order to reduce the risk of access to computer files by unauthorized personnel, we recommend that the County institute a policy that requires passwords to be changed on a regular basis. This should be written into the end-user computer policy and added as an automatic expiration of passwords if the application offers that capability.

Terminated employees. When an employee leaves the County, it creates the potential for a breach of security. That employee will have permission to access a number of resources, including potentially valuable ones. The County should develop policies so IT security administrators are promptly notified of an employee being terminated so they may quickly remove them and their security rights to the system.

* * * * *